

*INTRODUCTION TO SOCIAL SCIENCE*

# INTRODUCTION

## A SURVEY OF

### *Collaborating Authors*

DAVID HORTON      WILLIAM C RESNICK  
OSCAR E SHABAT      PETER MASIKO, JR  
INA T WALTON      GEORGE C ATTEBERRY  
PEARL FRANKLIN

*Wilbur Wright Junior College*

MAURICE H KROUT      HARVEY LOUIS KLEIN  
JOHN L AUBLE

*Herzl Junior College*

THOMAS H CLARE      ELMER KENNEDY  
ELGIN F HUNT      CLARENCE W PETERSON  
JAMES Q REBER

*Woodrow Wilson Junior College*

LOUIS WIRTH, GENERAL EDITOR

*University of Chicago*

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# TO SOCIAL SCIENCE

## S O C I A L P R O B L E M S

*Abridged One-Volume Edition*

GEORGE C ATTEBERRY

*Wilbur Wright Junior College*

JOHN L AUBLE

*Herzl Junior College*

ELGIN F HUNT

*Woodrow Wilson Junior College*

*Foreword by*

LOUIS WIRTH *University of Chicago*

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## FOREWORD

There is no longer any serious controversy among educators and informed laymen as to the need for conveying to the rising citizenry an understanding of the social world. The almost universal inclusion of social studies in school curricula is proof of the recognition that among the primary functions of contemporary education is the orientation of the young with reference to the society of which they are a part. There is still considerable difference of opinion, however, among the experts concerning the ways and means by which the schools might best discharge this obligation.

No normal young person can grow up in our civilization and participate in the daily affairs of his family and community without imbibing a great deal of the knowledge and coming to share most of the basic values of the society in which he lives. By the time he reaches the college level the student may be expected to have some familiarity, based upon personal experience, with the major social issues confronting us and to have some convictions with reference to the conflicting programs for dealing with these problems. Hence the student never approaches the study of social science with the same degree of ignorance and the same unbiased frame of mind with which he begins his study of the physical and the biological universe. Whereas in his initial contact with physics, chemistry, and biology he is relatively ignorant and neutral, in the case of the social sciences he is filled with preconceptions and ready to give the final answers to questions that still baffle the experts.

A large and important part of the work of an introductory course in the social sciences must therefore necessarily be directed toward aiding the student to unlearn what he thinks he already knows. This may frequently involve the unsettling of his dogmatic convictions, to be followed by the attempt to get him to view questions as open which he may have considered as already

closed, and to guide him in acquiring a new perspective of his society and its problems. It is probably impossible for anyone ever to view any acute social issue with the same detached and dispassionate objectivity with which the natural scientist views his subject matter in the laboratory. Complete self effacement also carries with it a corresponding disinterestedness which in matters social is both impossible and undesirable. There are indeed many subjects of interest to social scientists in which personal biases and interests play a minor role but they generally are subjects on which we must content ourselves with the most external and mechanical knowledge. If we would go beyond this superficial knowledge and attempt to obtain some genuine insights however, we must get an intimate acquaintance with our subject matter, which in social phenomena involves some degree of participation in and extension of our personal experience into the situations we hope to study.

Most of the crucial questions to which students of social science must be introduced in social science courses are regarded as controversial by some elements in our society. Hence it appears well nigh impossible to write a thoroughly objective textbook in the social sciences and if such a book were to be written it would probably be so devoid of interest to anyone that no one could be induced to read it.

Although the authors of this volume have attempted to present the most authentic knowledge that is available on their respective topics, I could not claim for them that their work will be found wholly unbiased on all the issues they have treated. It is possible to say something much more complimentary and significant about their work however namely, that they have made diligent efforts to make their biases explicit and bring them out into the open where they may be viewed in relation to other conceivable biases and in the light of the facts established by the consensus of the competent.

There are already many textbooks available designed to furnish an introduction to the social sciences for junior college and college students. Each perhaps represents the procedures which its authors have found most nearly in accord with their preconceptions both as to the nature of social science and the best methods of teaching it. While no apology is therefore necessary

on the part of the authors of the present work for adding another book which incorporates their preferences and the fruits of their extensive experience for the use of their own classes it is appropriate that the editor address a word to other teachers indicating why they too might find the volume suited to their students

This work is designed not as an introductory outline or syllabus in the social sciences but as a complete text requiring only a limited and inexpensive library of supplementary readings which may be judiciously selected from the bibliographies following each chapter, in case it is desired to induce students to familiarize themselves with a wider range of source materials

Unlike a number of other volumes now in use this work employs the problem approach to the social sciences It thus has a closeness to the life of our time and presumably to the actual experiences and situations confronting the student This essential quality is generally found wanting in textbooks designed on a formal and abstract pattern The authors of this volume believe that more sound theoretical knowledge of a subject matter can be gained by analyzing actual problems the genuineness and reality of which the student recognizes on the basis of his own experience rather than by confronting him with a highly systematized body of formal propositions of the meaning and relevance of which he may be only remotely and faintly aware

This work moreover proceeds on the assumption that in an introductory text it is not desirable to deal with the academic disciplines constituting social science as rigorously separable subjects The authors believe that the distinctive concepts methods, and problems of economics political science sociology and related sciences can be more effectively presented in more advanced courses and that what is required in an introduction is a realistic view of our total social scene with emphasis upon the common elements which bind the social sciences together This is another reason why the authors have chosen concrete problems for analysis in which all of the relevant interests of the different social sciences are brought to bear upon the subject matter

While the authors have made diligent efforts to incorporate the most recent findings of fact and interpretation into the treatment of the wide range of problems which make up their text they realize that our social world is in a state of continuous flux and

that what is acceptable today may be outmoded very shortly. They have tried to look behind the headlines of the moment and to deal with the basic and continuing problems of our society, from a long range perspective exemplifying in the analysis of each problem the characteristic mode of approach of the social scientist. Just as the work which they now offer in print is the product of many years of experimentation and constant revision so they expect that the relentless march of events, and their own and others' experience with this text will call for further revisions in the future. What they now offer, however, represents the product of continuous and fruitful collaboration of many minds each trained in some one of the social science disciplines and enriched by the experience of many years of participation in a pioneer educational enterprise in the development of the social science course in the Chicago Junior Colleges.

LOUIS WIRTH

*The University of Chicago*  
*August 1941*

## PREFACE

The two volume work of which this is a condensation was first published in September 1941. Although originally it was intended to provide an introduction to social science for the junior colleges in the city of Chicago, it has found a favorable reception and received wide acceptance throughout the country. The suggestion was expressed by many in diverse institutions, however, that a one volume book suitable for one semester's rather than a year's work, was highly desirable. The present edition is a response to that suggestion. The authors confronted the alternatives of covering the subject matter contained in the two volume edition less intensively or of selecting from the contents of the larger work those sections which were regarded as most indispensable and as constituting a basic foundation which all students might be expected to have for the understanding of the social world in which they live. They chose, and I believe wisely, the latter alternative. The problems selected for inclusion in this one volume edition are those which were believed to have a peculiar relevance to our time. They are those on which in the coming months and years the American people will have to decide the road they wish to travel and on which, therefore, they should have the available authentic information and the most penetrating analysis.

If an introduction to social science was a necessary part of the education of the student when the original two volume work was published on the eve of America's entrance into World War II, it is even more vital today, when we stand on the threshold of what is at least potentially a new epoch in history. It is, of course, trite to say that we live in an age of transition; for every period is a period of transition. It appears not to be an exaggeration to say, however, that the changes that are going on in the world at large and in our own country are so profound and of such vast scope as to defy comparison with almost any previous crisis in

modern times Intelligent personal adjustment and full participation in the responsibilities of citizenship in a democracy call for a wide dissemination of the best knowledge accessible to us, particularly concerning those problems with which the social sciences deal It is hoped therefore that this book, both as a textbook in the schools and colleges and as a guide to the intelligent and interested citizenry will be of aid in preparing us for the transition from war to peace and in the building of a better America and a better world



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# PART I

## CHAPTER 1

### PERSONAL MALADJUSTMENT

**Personal and Social Disorganization** A well known sociologist once said that a wholesome personality somehow manages to satisfy the fundamental human wishes (for security, recognition love, and new experience) either in the waking state or at least in his dreams. This is essentially correct. A disorganized personality cannot be called wholesome. Such a personality does not solve the conflicts between contrary wishes that normally arise in his experience. He suppresses one wish in order to satisfy another. An organized person, on the other hand, is one who manages to satisfy the fundamental wishes by solving the conflicts that come along in one of a number of ways. One who has either lost the capacity for solving his conflicts or has come to solve all conflicts in one particular way, is considered a disorganized personality.

Disorganized personalities, such as criminals, mendicants, tramps, drug addicts, alcoholics or insane individuals multiply in disorganized societies. Indeed, the number of these personalities in a given society serves as an index of the amount of organization that exists. The more of these personalities the less organization there is, and vice versa. That is because in a well organized society human wishes are capable of satisfaction in a number of ways. In such a society, no one needs narrow his choices down to one particular solution. A disorganized society is one in which the normal forms of control no longer operate, the normal ways of satisfying wishes no longer are easily available. Thus a disorganized society promotes personal disorganization. When disorganized individuals multiply, they test the modes of control which a society must exercise in order to maintain itself. Hence disorganized individuals promote social disorganization.

A normal individual is one who, in a society like ours, can compete with his fellow citizens for the satisfaction of the basic human wishes. In the paragraphs that follow we shall consider a number of social types of personality who have failed in their attempt to compete for the satisfaction of their wishes. The feeble-minded considered first are a group of individuals who do not know how to solve their conflicts and adjust themselves in a world of competitive strivings. The insane, considered next, have lost the capacity for solving conflicts except in one way by escaping from the competitive life which we must all face. The homeless individual solves his problem by leaving the community in which he belongs by birth or long residence. The mendicant solves his conflicts by exploiting the social traits of those who have been moderately successful in the struggle for goods and services. The drug addict and the alcoholic solve their conflicts by effecting an artificial state of pleasure (an 'inner glow') instead of trying to get normal satisfaction for their wishes in a world of social competition. Finally, the criminal is an individual who, though generally able to compete, is unwilling to do so. He is also unwilling to escape either bodily or mentally from his social environment. Hence his particular adjustment lies in wresting satisfaction from a reluctant society by a show of force, or cunning or both.

**Types of Mental Disorganization** The types of mental abnormality which we shall consider in this chapter are (1) the amentias or types of mental defectiveness, or types of feeble-mindedness (2) the dementias, or psychoses (as they are technically called) or the insanities (as they are popularly known) and (3) the psychopathic personalities. All these abnormalities have certain features in common. They are individual disorders or deficiencies. They have vast social implications. They show the extent to which social influences enter into individual adjustments and prove to what extent the individual must be reckoned with in discussing social problems.

**Individual Differences and Mental Testing** A recent study in a large American city brought out the fact that about 29 per cent of the pupils in the first grade of grammar school were not advanced enough mentally to start learning to read. In some communities as many as 42 per cent of the pupils were in this

predicament The importance of this fact to us is that it indicates the existence of individual differences in our population This is not a new discovery What is more the belief that individual differences can somehow be tested is not especially new The earliest record of mental testing is found in Greek history <sup>1</sup>

During the period of the Trojan war a Greek named Ulysses paid no heed to the call to arms He was visited by the authorities and found plowing up the beach and sowing salt Someone thought of a way of testing his mentality His infant Telemachus was placed in the horses path as he kept on plowing Ulysses quickly turned aside and the test was regarded as conclusive

The testing of human intelligence goes back many years Francis Galton in 1883, pioneered with a scale of mental measurements in England J McK Cattell an American psychologist, advanced the approach to the study of individual differences and in 1893 proposed to measure intelligence Binet and Henri French psychologists, constructed a crude intelligence test in 1895 It was not until 1905 however, that the first adequate test of intelligence was constructed by the Frenchmen Binet and Simon Binet, a psychologist and Simon a physician conceived the idea of measuring human intelligence in terms of 'mental age' If there is such a thing as physiological age, or economic (earning) age, or social (confirmation) age, or educational age, why not mental age? Preparing a series of verbal and motor performance tests Binet and Simon standardized their tests by age groups, assigning each test a value in terms of mental months The tests were arranged in such a way as to increase in difficulty year by year The value of each test was one year, or twelve months divided by the number of questions (or other tests) assigned to that year The total number of tests successfully passed thus gave the subject's mental age in "mental months" Dividing the actual or physiological age in months by the mental age in months, Binet and Simon obtained a ratio showing the relation of the two ages to each other Multiplied by 100, to avoid fractions this ratio yielded an I Q (intelligence quotient) in round numbers

$$I Q = \frac{M A \text{ (mental age)} \times 100}{C A \text{ (chronological age)}}$$

<sup>1</sup> F L Wells, *Mental Tests in Clinical Practice* World Book Company Yonkers on Hudson, N Y 1927

The Binet Simon test is an individual test. It has been widely adopted, and in this country has been used in the Terman and Kuhlmann revisions, named after the psychologists who standardized them for American use. In group tests, that is, tests given to a number of people at one time, the tendency is to measure the responses which psychologists consider basic to human intelligence and to assign the individuals tested percentile ranks, based on total scores instead of I Q s. Percentile ranks show how the achievement of each individual compares with that of others of his age group, educational group, or social group.

Thus it is fair to say that intelligence tests, used as a criterion of individual differences, serve as a standard of measurement in terms of brightness units. Following is the usually accepted table of I Q s and their technical psychological equivalents.

TABLE I

<i>I Q</i>	<i>Psychological Designation</i>
0 to 24	idiots
25 to 49	imbeciles
50 to 69	morons
70 to 79	borderline defectives
80 to 89	dull normals
90 to 109	average normals
110 to 119	bright individuals
120 to 129	superior individuals
130 to 149	very superior individuals
150 and up	geniuses

On the basis of standard tests it has been found that the following distribution of intelligence may be assumed for the entire population.

TABLE II

<i>I Q</i>	<i>Per Cent of Population</i>
55-65	0.33
66-75	2.30
76-85	8.60
86-95	20.10
96-105	33.90
106-115	23.90
116-125	9.00
126-135	2.00
136-145	0.55

It is well to remember that I Q s may change from time to time. The mental age may advance out of proportion to the physiological age which, beyond a certain point, is considered constant.

**Criteria of Mental Efficiency and Deficiency** There are no people who do not possess at least some intelligence. Intelligence means 'ability,' and ability in its simplest terms refers to activity. Since there are no individuals who do not act, there are no individuals who are not intelligent. Individuals do differ in degree of intelligence, and it is the degree that is important. Narrowed down to basic conceptions, intelligence implies four types of ability: (1) the ability to learn quickly, (2) the ability to perceive a situation as a whole (instead of partially and incompletely), (3) the ability to adjust oneself to a new situation, and (4) the ability to take and maintain a given direction. It is important to note that intelligence depends on applications to everyday life. It is primarily social in reference: receiving expression in general information, school work, economic proficiency, and even moral reactions.

By mental deficiency we mean an arrested or sluggish development of so-called 'mental' abilities. This of course implies inability to meet socioeconomic demands in the way in which normal efficient individuals meet them. In terms of mental age equivalents, it is of some interest to note the following grades of feeble-mindedness:

TABLE III

<i>Mental Age</i>	<i>Types of Feeble-mindedness</i>
0 to 2 years	idiocy (low, middle, and high)
3 to 7 years	imbecility (low, middle, and high)
8 to 12 years	morosity (low, middle, and high)

A low grade idiot has a mental age of less than a year. He is relatively helpless, although he can walk. A middle grade idiot has a mental age of one year. He feeds himself, but eats everything he can place inside the mouth. A high grade idiot, mental age two years, eats discriminatingly, that is, he can tell food from nonedible objects. A low grade imbecile, mental age three to

four years, cannot work. He plays a little, and in certain cases may try to help others. A middle grade imbecile, mental age five years, does only the simplest types of tasks. A high grade imbecile, six or seven years old mentally, does tasks of short duration. He will wash dishes, run short errands, dust around objects. A moron of low grade type is eight to nine years old mentally. He does light work, makes up beds, scrubs, mends, lays bricks, care for the bathroom. A middle grade moron, aged ten years mentally, makes a good institution helper, and can be depended on for routine work. High grade morons, eleven to twelve years old mentally, are in some respects a greater problem than those of lower mentality. They can do fairly complicated work with only occasional oversight. They can use machinery. They can care for animals on farms. They require no supervision at work, but they will not plan their work. It will be noticed that the concept of feeble-mindedness has definite psychological implications, determinable by test, and that a literary use of the concept is necessarily inaccurate.

**Extent and Causes of Mental Deficiency** According to a report of the U. S. Bureau of the Census, the institutional population of epileptics and feeble-minded individuals of the country rose from approximately 62,000 to 109,000 between 1926 and 1936, an increase from 48 to 73 per 100,000 population. However, these figures do not include many mental defectives housed in private institutions and many who are kept in their own homes. On the basis of studies of various kinds, it has been estimated that the total number of feeble-minded individuals in the United States is in the neighborhood of a million. This is much less than some estimates based on statistical surmises, have led us to believe. These surmises ran from nineteen to fifty million at one time. It is obviously incorrect to call one sixth to two fifths of our population feeble-minded.

To what can we attribute the causes of mental deficiency of so large a number of Americans as even one million? It is now generally believed that amentia in its various forms is due to a variety of causes. In some cases injury (trauma) at the time of birth is held responsible. Infectious diseases prevailing in the mother's body during the child's embryonic development may be causal. Disturbances in the endocrine glands (such as the



thyroid pituitary and so on) toxic influences (alcoholism lead poisoning and the like) and malnutrition have been associated with feeble-mindedness. In all these cases it will be noticed the causal factor is presumed to influence the structures on which intelligence depends rather than to influence behavior as such. Low mentality has been assumed to be inherited through the germ plasm. Intelligence depends on a great many unit characters. To assume that all these factors are equally and simultaneously involved in a grand hereditary scheme is somewhat dangerous. Psychologists are now inclined to recognize that hereditary influences apply to the brain and nervous system the endocrine glands and so on which may have an effect on intelligence. That intelligence as such is inherited is not considered likely. The studies of such families as the Kallikaks and the Jukes did not as was thought once establish a clear case for heredity. On the contrary it is now believed that the work on these families left much to be desired and that further research might show that environment had as much influence as heredity in those family histories.

**Social Aspects of Mental Deficiency** The two primary elements found in feeble-mindedness are (1) arrested mental development, leading to the limitation of ability or what psychologists call performance and (2) inability to meet the ordinary problems of life leading to poor social adjustment. These elements do not imply that a mentally defective individual is not a member of society or is not entitled to consideration as such. The truth of the matter is that much calumny and undeserved discrimination have been heaped on the mental defective because of failure to recognize this simple truth. Mental defectives have some social intelligence, especially the imbeciles and the morons. They have vocational possibilities. They get married and lead quiet family lives. They are not sexually dangerous as a rule, in spite of what newspaper usage of the term moron leads people to believe. As a matter of fact the feeble-minded are sexually inert and in some stages even indifferent. It is true that those classified psychologically as morons make up a sizable percentage of the delinquents and criminals who are apprehended thus reducing the average intelligence of prison populations in statistical studies. But they also make up a part of our

unskilled, semiskilled and to a lesser extent the skilled labor group. No level of social occupation is completely free of those of moronic intelligence. Of course, the higher in the scale of achievement a particular occupation is, the fewer mental defectives may be expected to be found in it.

**Social Treatment of Mental Deficiency** In the long course of human history the feeble-minded received varying types of treatment. They have been abandoned to die, used as 'fools' or jesters, allowed to roam about as ready butts for practical jokers, looked upon with superstitious awe, and treated as possessed. Modern science and a democratic conscience have given us a better understanding of and a more sympathetic attitude toward the feeble-minded. The treatment of feeble-mindedness derives from this attitude. What it is in a given case depends on (1) what the family of the deficient individual is able or willing to do for him, (2) what the community tolerates or does not tolerate in the way of mental backwardness (that is, so far as schooling, vocational adjustment, and the like are concerned) and (3) the degree of mental deficiency which the individual shows on a mental test. The types of treatment applied in different localities, depending on existing laws and attitudes, may be (1) eugenic or (2) euthenic. The latter may be (a) custodial when the individual is treated away from home, or (b) rehabilitative (educational), when the individual is treated at a school and continues to live at his own home.

A eugenic program is primarily concerned with the biological control of reproduction, aiming to prevent mental defectiveness in later years. Such a program calls for surgery in some cases and the prohibition of marriage in others. There are some state laws requiring this procedure today. A euthenic program depends on reeducation, in or outside of institutions. In general, most authorities today agree that states should

- 1 Determine who is feeble-minded, and how many feeble-minded individuals there are
- 2 Require registration of all recognized defectives
- 3 Place mentally defective children in special schools
- 4 Supervise, assist, and adjust the under-cared-for mental defective
- 5 Offer institutional care to idiots and imbeciles

6 Provide colonization and parole to those responding favorably to training

7 Segregate those not responding to training

In this program obviously eugenics plays a dominant part. The hope of eugenics derives from several dramatic and historical cases of improvement one of the most startling of which is that connected with the name of a French physician Itard. Itard's pupil, Seguin who invented a form board test of intelligence, toured the United States in 1848 and lectured on the need to find means of rehabilitating mental defectives. It took two or three decades for his teachings to bear fruit. A number of schools and institutions opened up in this country in the eighties. A number of diagnostic psychological clinics sprang up the first of which was founded at the University of Pennsylvania by the psychologist Lightner Witmer in 1896.

- Cooperating with special schools of all types psychologists and psychological clinics carry on the work of diagnosis and training of mental defectives. The objective of training idiots is to make these individuals easier to care for at home. There is little hope of making all of them work for social ends. Morons however, and even imbeciles are trained to acquire balance and muscular coordination. They are taught to pick out colors to discriminate sounds to taste smell and touch discriminately. Speech training training in personal habits and the development of useful abilities are aimed at wherever possible. Some mental defectives do surprisingly well. Some even acquire special talents, and give promise of making unusual adjustments along one certain line. In any case the provision of space and training facilities for mental defectives is definitely a state responsibility. Because of their number and the problem they present the idiot and the imbecile are not our greatest concern in any case. The moron is lacking initiative the moron is very suggestible. Suggestibility may lead him to crime. Simple outlets for morons in useful fields are urgently needed.

**The Criteria of Abnormal Behavior** Amentia or feeble mindedness, refers to lack of intelligence. This as we have pointed out, is not literally correct although it does imply an amount of ability which is less than that of normal individuals. The origin of the word is of some significance when compared to a

related term dementia, or insanity meaning loss of intelligence. This also is relatively incorrect because intelligence is never completely or irretrievably lost. Changes in intelligence however, are expected in mental abnormalities. One of the striking changes shown on tests takes the form of scatteration. That is to say the individual's correct responses to the test are scattered. He does not show decreasing ability with increasing difficulty, as is normally the case. Instead he shows some ability on a low level and some ability on a higher level, with intermediate abilities apparently lost, suppressed or changed.

Changes in intelligence are not the only symptoms of psychosis. Changes in emotional adjustment are prominent. The emotional life of the psychotic is obviously distorted. He shows either too much emotion or an apparent lack of emotion (level affect). Other symptoms are delusions and hallucinations. By delusion we mean a defect of judgment which is out of harmony with reality. Hallucinations are disorders of perception. They may arise in any sensory field: vision, audition, tactual sensation and so forth. Hallucinations arise from within, as it were. The difference between hallucinations and delusions is not difficult to see. A delusion is a false idea. For instance, believing that one is Napoleon is a delusion. An hallucination is a false percept. For instance, "seeing pink elephants" is that. Along with hallucinations and delusions there is generally a lack of interest in the immediate situation, a relaxation of attention and of critical ability, a dispersion of thoughts, a tendency toward invention and what is called a weakened sense of reality.

Psychoses, or insanities, sometimes take on bizarre forms. A psychotic in a hospital wrote a composition entitled "Nothing Is Nothing." It consisted of one line: "O No Not Nothing Nothingness Naughtiness Naught O." To the psychologist this may have definite meaning and to the psychotic it undoubtedly does, but to the average human being it is meaningless. Occasionally the psychotic puts his thoughts clearly enough, but shows lack of organization or coherence. Following is a letter written by a patient to his relatives at home. He addressed them as "MPR," meaning Mater Pater, and Robert (his brother's name). The letter read:

Dear M P R

Does a count show here? Red white blue yellow green that s the way to start  
We have a display out window in window Towards Chappell we point noses  
Not a month and we ll have snow Beard s my guardian Charles Beard The  
only thing and I believe I mentioned it I never did read him very much

Maxwell Bodenheim Joseph Auslander tie that Off I go But glossary is the  
word Id ad meter rhyme mv entrails are cut and dried This is tantamount  
that fascism and Geneva must be accepted

With love

XYZ

The writings of psychotics are not always as strange as this example would lead one to suppose Below is a letter which appears reasonably clear and connected Nevertheless it is just as revealing of mental disorder as was the previous note

Mr E Rex H R H Emp

X State Hospital

My dear husband —

Your royal highness please give some attention to the matter we discussed not so long ago

The walls and woodwork need cleaning very badly here I d like to do the work but — this soap is made of dead animal oils I believe — I wouldn t use it

Am in need of some supplies we mentioned — and wish to plan for the preserving period — which is close at hand

Please see me soon

Sincerely

your wife — Annora P R

**Types and Causes of Mental Disorder** Broadly speaking there are two large groups of mental disorders the organic and the functional By organic types of mental disorder we mean those in which a localizable change in the tissues of the organism can be associated with the individual s mental condition Examples are psychoses connected with syphilis lead poisoning endocrine changes alcoholism morphinism and so on By functional types of mental disorder we mean those in which there is no known or noticeable change in the constitution of the individual, the change being exclusively behavioral Examples of this kind of psychosis are (1) dementia praecox (or schizophrenia), (2) manic depressive (or circular) psychosis and (3) true paranoia It is of some value to remember that there are four kinds of dementia praecox or schizophrenia that is (a) the simple (characterized by those fundamental symptoms which

are true of all psychoses and which were described in the preceding section) (*b*) the paranoid (characterized by extreme suspicion and attitudes of grandeur) (*c*) the catatonic (characterized either by overactivity and destructiveness or by inactivity, negativism and extreme indifference) and (*d*) the hebephrenic (characterized by peculiar clownish and infantile reactions)

The manic depressive type of psychosis is called circular because it takes the form of alternating attitudes of depression and maniacal excitement. First comes excitement then depression, then excitement again. The psychosis called true paranoia is similar to the paranoid dementia praecox type of illness, but differs from it in that the emotional adjustments of a true paranoiac may remain intact, and the individual's intelligence does not appear to be affected. The chief characteristics are delusions and hallucinations woven into a plausible pattern which is difficult to recognize as abnormal because of the intelligence and vigor of the individual involved. Some men who have figured prominently in the history of the world have been afflicted with this disease.

There are other types of psychoses. The American Psychiatric Association lists over seventy major types. There are also mixed types in which diagnosis is very difficult. Mental abnormality is not easy to diagnose in any case and it is still less easy to treat. Many puzzling problems remain to be solved. If organic diseases cause certain kinds of psychoses why do many individuals afflicted with organic diseases show no mental disorders? On the other hand there is no absolute assurance that structural changes are not involved in functional types of disorder. The prevailing attitude now is that both functional and organic psychoses depend for their causation on a certain type of development and its influence on later behavior.

As psychologists look at it, there are two kinds of causes to which psychotic disorders can be traced. One of these is known as 'predisposing' and the other as 'precipitating'. Predisposing causes may be compared to an explosive substance conveniently packed into a ball and lying dormant within the individual. Precipitating causes may be likened to a match which, when brought in contact with an explosive sets it off and brings on destruction. Under predisposing causes we list the infantile

conflicts of the individual which continue throughout life on an unconscious level. These lead to false impressions, false judgments, defective inhibition of impulses, defective emotionality and defective social orientation. Thus delusions come into being. They lead also to hidden aggressions, hidden ambitions, hidden fears, hidden love aspirations for unattainable people. Thus hallucinations later spring up. However, serious disorders depend upon some factor to bring them into being. They do not flare up of their own accord. The factors immediately responsible we call precipitating causes. Of these we might mention a few considered typical:

- 1 Fatigue (continuous strain, lack of rest or sleep)
- 2 Disease (especially bacterial infection)
- 3 Pain (especially when long continued and excruciating)
- 4 Physical injury or hemorrhage due to some other factor
- 5 'Shock due to endocrine disturbance
- 6 Drugs or alcohol
- 7 Puberty, menopause, old age
- 8 Failure in some vital venture
- 9 Loss of acquired associations (money, friends, parents or other relatives)
- 10 Loss of economic status or honor (bankruptcy, rape and so on)

Illustrations showing how precipitating causes function are not hard to find. The last depression drove many individuals to hospitals for the insane. The European war of nerves, late in 1939, almost doubled admissions to a London hospital for the insane within one week. Financial reserves, stock market crashes, especially, have long been associated with increase of mental disease. Yet one must never lose sight of the fact that these precipitating causes are only secondary to the predisposing causes which are basic to mental disorder in all cases.

**The Incidence of Mental Disorder** What has been the general trend of mental disorders in this country? What has been the cost of mental disorders? What relation, if any, do age, sex, marriage, nationality and race, and finally locality have to the frequency of mental disorders? It is a somewhat startling fact that while the population of the United States has doubled within the last fifty years, the population of our hospitals for the

insane has increased ninefold within the same period. This is true regardless of the fact that many cases are treated in private institutions and many public charges are transferred from hospitals for the insane after they have been declared incurable to general hospitals, homes for the aged, and so on. In 1880 the number of patients in American hospitals was about 41,000. This has grown to somewhat over half a million in 1938. Statistics show that there are 554,000 beds in general hospitals of which about half are filled. On the other hand, there are 570,000 beds in hospitals for the insane and 96 per cent of these are filled. There are some 3,000 psychiatrists or physicians in charge of mental disorders, some 3,600 nurses, and over 29,000 attendants in the 506 hospitals for the mentally ill in this country. They admit almost 110,000 patients every year and discharge about 85,000 patients.

The average length of hospitalization is three years per individual, but of course this varies with patient and illness. It was once supposed that there was greater probability of mental disorder at an early age, but Robertson, a psychiatrist, has found that there is a short decline in number of patients only at age fifty, and a steady rise until death. Sharp increases in frequency of commitment were noted at (a) the age of puberty, (b) change of life (menopause), and (c) the onset of senescence. In recent years there has been noted an increase in aged patients in many hospitals. A large Illinois hospital recently reported that the aged made up 40 per cent of its population, an increase of 25 per cent within ten years. Much of the increase generally, and that in regard to aged patients especially, must be understood to be a result of the growing realization that mental abnormalities are diseases and also that there is a possibility of cure in many cases. There is a tendency to turn over to the state mentally ill relatives who were once tolerated at home.

The statistics dealing with sex distribution in hospitals for mental diseases show an almost equal number of both sexes. The odds are slightly in favor of the men. Psychoses associated with syphilis and alcoholism are more frequent in men than in women. In the manic depressive group, women predominate — two to one. There is little difference so far as the schizophrenic group is concerned. The incidence of mental disorder, by and



large, is greater in single than in married people. There are two reasons for this. First there is less likelihood that those tending toward mental disorder will marry. Second the marital state favors an adjusted type of life. In regard to nationality it has been found that there is little difference between the children of immigrants and the children of natives. 54.9 per thousand being the first ratio and 34.6 the ratio for the second group. Other statistics along this line appear to be spurious.

Very interesting findings were recently made in ecological studies of city zones in relation to psychoses. These studies reported by H. W. Dunham and R. E. L. Faris, sociologists, brought out the fact that psychotic patients, classified in terms of residence in their original communities, tend to cluster near the center (oldest section) of the city. The highest rate for schizophrenia is found in Hobohemia, rooming house areas, and communities near the center of the city. Areas of social disorganization generally show higher rates than outlying areas, and this is true regardless of how they are located with regard to the center of the city. Manic depressives are relatively more frequent in regions of higher rental, and schizophrenics in regions of lower rental, rooming houses, and slums. The findings on the organic psychoses are not as definite. However, these psychoses are found to harmonize with the distribution of poverty, delinquency, and venereal disease. Studies similar to those of Faris and Dunham, based on Chicago, were made in 1939 by various sociologists in Omaha, Milwaukee, Kansas City, St. Louis, and Peoria. The findings were substantially the same.

**Social Treatment of Mental Disorders** A study made by Fuller, a psychiatrist, shows that 100 patients selected at random in the hospitals for mental diseases in this country are disposed of in the following way:

TABLE IV

	<i>Per Cent</i>
Discharged with favorable outcome	35
Discharged unimproved	7
Died in hospital	42
In hospital at the end of 16 years	16
	100

In an analysis of 600 unselected cases of females and 600 cases of males Fuller found that at the end of the first year the following disposition is made

Schizophrenia	69 4 <sup>or</sup> still in hospital 3 8 <sup>or</sup> died
Manic depressive psychosis	34 4 <sup>or</sup> still in hospital 7 7 <sup>or</sup> died

It is thus obvious that a large portion of both types of patients remain in hospitals once they are admitted continuing to be a state responsibility. We say that these patients are a state responsibility because the majority of them are not treated in private institutions, and because all of them must be treated in institutions of some kind. Individuals suffering from certain kinds of mental disorders previously mentioned (psychopathic personalities) can be treated at home and even while continuing at work. Psychotics cannot be so treated.

The institutions admitting psychotics are under state or federal supervision, and offer temporary or permanent care. A commitment certificate must be signed by a licensed physician before the patient is accepted for observation at a county hospital. Before commitment the patient must be brought before a county judge who in private session, goes over the medical evidence, questions relatives, listens to a social worker's report and, with the aid of a jury of physicians, commits or frees the patient under observation. Once in a state hospital, the patient is treated by various suitable techniques. Recently developed techniques give promise of a larger percentage of cures and also indicate that many cases which formerly took much time to recover can now be discharged as cured earlier and with greater certainty of making an adequate adjustment.

Psychoses are diseases. They are not shameful diseases. They are no more shameful than are cancer and tuberculosis. A good deal of public education is necessary to bring people to the realization that a psychosis must be treated like any other disease, and that discharged patients must be helped to recovery, instead of being destroyed by insidious references and even threats by intolerant family members, employers or neighbors. Above all there is need for a campaign to teach people that mental

disorders are preventable, and the way to prevent them is to forestall the predisposing not the precipitating causes. To make possible preventive education on a larger scale the International Mental Hygiene movement has come into existence.

**The Prevention of Mental Disorders** Mental hygiene has reference to those principles of preventive treatment which may be expected to reduce the incidence of mental disease. It means the combination of both social and individual factors that will lead to this result. In a general way we may say that anything promoting social health, social welfare in the larger sense, better housing, more recreation, better educational facilities, and so on, is of help. The establishment of clinics and the treatment of the young before mental disease has had a chance to blossom out is strongly advocated by those who are concerned with this problem. Proper vocational guidance of the young is a preventive measure. Personal freedom consistent with security is a preventive principle of great significance.

On the individual side the first problem is to strike a balance between altruism and individualism. Prolonged self gratification is possible only through the satisfaction of others. Denial of present pleasures often means larger future gratifications. This does not mean that one must escape from himself, evade his emotional promptings, or refuse to admit that there is a problem facing him. One must be honest with oneself and profit by his own as well as other people's mistakes. One must not refuse to consider defeat as final when it comes, or try to explain it away on some fictitious ground. The desire to conquer, not to give up, is eminently worth while, but one must know when to stop. Tolerance for others, patience, and a sincere desire to improve oneself without admitting necessarily that one is inferior to others, is essential to the acquisition and retention of one's mental health.

Inferiority feelings may begin with social unpopularity. To be mentally well, an individual must feel accepted, must have social status (social standing) somewhere. One must pay attention to what others like to talk about and what others like to do, to get along with them. One must learn to like, to prefer being with others to being alone. One must be willing to sympathize with others and to be ready to cause himself some little incon-

venience to help others in need One must be considerate of others — not sarcastic or bossy One who is eager to show others up to flare up when others unintentionally do something one does not like to impose on others without wanting to reciprocate their favors, is not likely to be well adjusted Social adjustment, above all, involves the development of those skills which make social activities enjoyable dancing polite conversation and playing social games Finally one must learn to rely on one's understanding of other people their motives in behavior for an adjustment of one's own attitudes Every well adjusted individual must be a lifelong student of his own personality and the personalities of other people

**Types of Homelessness** There are personal maladjustments in which mental deficiency or insanity do not play a prominent part This is not to say that they are not mental maladjustments The feebleminded do not know how to participate in the life of the community Psychotics may or may not know how, but cannot participate to their advantage or to the advantage of others The types we are about to discuss are generally called psychopathic personalities They are not necessarily unable to participate in social life to advantage They are people who adopted a pattern of life which they consider of advantage to themselves but which is not to the advantage of the larger community In discussing these types we must be careful to distinguish them from similar types that do not come under the category of psychopathic personalities, though socially they may display many similar characteristics

The tramp and the bum, the first psychopathic types we shall consider, belong in the general category of homeless men But not all homeless men are psychopathic Homelessness, as such takes the form of horizontal social mobility (to distinguish it from vertical mobility which has reference to advancement in group status) or movement of individuals between or within groups in space Social mobility itself may take varied forms It may appear as a mass movement for instance Pressed by the need for space or food moved by ambition for domination or conquest driven by religious or racial persecution, people have moved in groups over long distances The pilgrimages, the Underground Railroad before the Civil War, the Gold Rushes

the Silver Rushes, and more recently the migrations of Czechs Frenchmen Jews Norwegians Poles Spaniards and others are examples of mass mobility and homelessness Yet they are of course not examples of personal psychopathy

There is a type of homelessness which involves family groups The return of the desert to the western Dakota lands and the dust storms sweeping through Texas Oklahoma Oregon and other states, brought about large scale family migrations These migrations so vividly described by John Steinbeck involve farm families seeking new lands to till new plots on which to stake their homes, new jobs any jobs promising survival Recently over a million families driven by city competition took to trailer travel The number of these trailer migrants is growing rapidly Mexican immigrant families streaming into the United States in increasing numbers live in boxcars along railroad tracks all ways ready to take up the trail again These are serious social problems but they are not examples of personal psychopathy

Both mass and family mobility should be distinguished from individual mobility There are types of individual mobility which may be called institutional This typically is migration within and between groups Peddlers and traveling salesmen come under this category They represent a habitual not a casual type of traveling These travelers intend from the beginning to return home and ultimately they do so They cannot thus be considered psychopathic in any sense Another type of mobility is that of individualized long continued mobility in which the individual does not plan to return home By a homeless person in this sense we mean one who has given up his status in both the family and the community and along with that his responsibilities as a family man and a community member As long as such an individual continues to wander he has no status anywhere for he does not attach himself anywhere In speaking of this type, the sociologist Park has said that he might have gained his freedom, but he lost his direction Here then is a borderline type who may present some mental problems of social importance if and when he faces certain conditions

Individualized homeless men have been variously classified One of the best classifications is that proposed by Nels Anderson sociologist, who has lived on the road among homeless migrants

and has written two books on the subject. Anderson classifies homeless men into seasonal laborers, migratory casual laborers, nonmigratory casual laborers (home guard) and bums. One point stressed by Anderson is worth repeating, namely, traveling or casual local workers should be distinguished from psychopathic derelicts who are unattached.

**Characteristics of Homeless Migrants** In a volume dealing with boy and girl migrants in America, Thomas Minehan has given us a report of what he has found in 884 interviews with 1377 boys and 88 girls on the road. In regard to nativity, he naturally found the overwhelming majority of both boys and girls to be American. The nativity of the parents differed to a greater extent than the nativity of the migrants themselves. While the majority likewise were native Americans, there was a sprinkling of nationals from virtually every country in Europe. The median age was seventeen. The largest number of migrants claimed to have both parents living, but the next largest group claimed that their fathers were dead. Comparatively few stated that both of their parents were dead or that they had step parents. The vast majority claimed that their fathers were unemployed. About 25 per cent said, in addition, that their older brothers or sisters were unemployed. The average period of unemployment was over a year. The average length of travel was given as between twelve and eighteen months. With regard to education, the group represented a range running from less than fourth grade of grammar school to college graduation, with the curve sloping toward the former end. The average achievement was eight years of grammar school. Very few had physical defects.

Judging from their educational achievement, at any rate, it is not possible to say that the average migrant is feeble-minded, although there are some feeble-minded individuals among them. It is probable that most of them are neither schizophrenic nor manic depressive in make-up. The majority of them, however, are individuals afflicted with personality disorders. These individuals find living without steady work relatively easy, and thus what little ambition they have had they quickly lose, as they join the unemployed, though probably employable, part of our population. The usual personality disorders found are

restlessness, inability to concentrate, lack of social insight, and a consistent disregard for the rights of the stable citizens of this country, wherever found. This does not mean that migrants do not have a culture of their own. There is a culture of mobility embracing opinions and attitudes adapted to and resulting from their type of life.

The hobo works at whatever jobs he can get as dishwasher waiter porter janitor while in the city as teamster lumberman harvester, or all round farmhand while on the road. Migratory casual laborers or tramps do the same types of work but do them less steadily making movement rather than earnings their goal. Robbing boxcars and pilfering forbidden by the hobo code of the road, is found occasionally among the so called tramps. Nonmigratory bums, the home guard prefer begging either directly or under the guise of shoestring razor blade or pencil selling. Some members of the home guard pretend to be sick and use children to make a stronger sentimental appeal. The bums are the least adjusted of the homeless men. Most of them are either alcoholics or drug addicts or old helpless, unemployable men who gravitate between cheap lodging houses and the jail.

#### **Causes and Treatment of Individualized Homelessness**

The group investigated by Minehan gave four reasons for their homelessness. Over 80 per cent gave hard times as their reason. Others mentioned trouble with girl fondness for travel dislike for school and conflicts at home. There is no doubt that mobility increases in periods of unemployment and widespread distress. Since floating laborers are always in demand for work on bridges railroads irrigation projects harvests and so forth unemployed individuals venture forth with the view to just such employment. Some fields of agriculture and industry depend on a migratory labor reserve and actually encourage it.

But noneconomic reasons figure prominently also. A crisis in the life of an individual may become a turning point in his life. This is particularly true when he fails to make the necessary adjustment to meet the crisis. The latter may derive from quarrels at home, or it may be due to disturbances in status resulting from death, divorce or separation. Sometimes migratory careers begin because the individual committed a socially disapproved

act and expected dire consequences. Homeless men are typically, individuals who for one reason or another lost their status. From the time the individual becomes aware of his loss of status he continues to deteriorate by degrees until he reaches the lowest stages. One does not, as a certain sociologist has put it, become a full fledged and self satisfied social pariah all at once. We might add. One does not become a psychopathic personality all at once. Neither does one become that in every case.

It is obvious from even this brief analysis of causes entering into individualized homelessness that the problem is not so simple as it often appears to many individuals concerned with it. Officers charged with law enforcement arrest every unfamiliar individual who looks suspicious. Since all migrants are bound to be unfamiliar they are peculiarly liable to this type of treatment on the grounds that they may cause trouble. Employers in most industries fight shy of the migrant on the grounds that he is unaccountably lazy and undependable. Preachers are inclined to ascribe social mobility to the loss of religious influence and the unresponsiveness of the individual to moral doctrines. Educators stress lack of character training in the home and lack of specific trade preparation.

There is no doubt that people who pull up their roots and abandon their backgrounds threaten the well being of the nation. For the most part the policy of noninterference with freedom of behavior has been followed in this country. The social work methods followed by some states in administering aid include getting all information available through observation and investigation before adopting some plan of action. If these were followed everywhere more cases undoubtedly would be properly adjusted. But social workers treating individual cases cannot solve the problem completely. Improved housing and public hygiene, migratory schools, an unemployment service helping to decrease unemployment by directing labor to regions open to employment, subsistence farming and vocational training are needed to solve the problem in a constructive and thorough going way. Our national defense program may help us solve the problem, but many of the features mentioned will still have their place in the treatment of our transient population.

**Types of Mendicancy** Mendicancy or begging, is only a



in nor aspect of homelessness. It need not be a part of that problem and it exists largely as a problem in its own right. The homeless need not be beggars. Beggars are not generally homeless. However in some respects these problems are alike. Beggars, like individualized migrants, are not necessarily feeble minded or insane and they are certainly not criminally inclined or they would not turn to begging as a way out of their difficulties.

Begging is done in one of three fundamental ways: by letter, by card, and by hand. When done by letter it reaches sympathetic citizens at holiday seasons. It has been estimated that over 100,000 begging letters pass through the New York post office alone during the Christmas season. At least 40,000 letters pass through the mails of the Chicago post office at Christmas time. The estimate for Philadelphia is 25,000 and from 10,000 to 15,000 letters are supposed to clear in cities like Cleveland, St. Louis, Buffalo, Los Angeles, and Cincinnati.<sup>1</sup> Many of these letters, needless to say, are not of the type a social service agency would recommend for attention.

The card method, second in frequency only to the letter, is widely practiced by ex-service men, by men and women of religious temperament who combine the appeal of the church with that of personal ineptitude, and physically handicapped individuals who can make their defects obvious. The sales appeal of a card is well nigh irresistible. But the approach of the beggar using his hat or hand is far more effective. Of those using this approach we distinguish several types. There is the 'whining moocher,' the panhandler who uses a child as an accomplice, the 'flopper,' who arranges himself in such a way that his crippled figure attracts immediate attention, the 'throw out,' a type of beggar possessing a double jointed body which he is able to dislocate in such a way as to give the appearance of paralysis, and finally there is the 'highheeler,' a type of beggar whose unevenly constructed shoes give him the appearance of a lame individual.<sup>2</sup> These are but a few of the many ingenious devices used by mendicants to achieve their ends. Hence, the types are many in number.

<sup>1</sup> W. F. McDermott, *Beggars by Mail*, *Reader's Digest*, 1936.

<sup>2</sup> A. Morris, *Some Social and Mental Aspects of Mendicancy*, *Social Forces*, June 1927.

**The Characteristics of Mendicants** All mendicants have one trait in common regardless of the differences that may characterize them. They all employ the infantile method of securing satisfaction for their wants — namely asking for it with the feeling that they have a claim on the sentiments of other people. A mendicant is childlike in approach because he never developed an attitude of adult responsibility. Nevertheless beggars do not appear childlike in explaining the approach they use. They are inclined to rationalize it in different ways offering what to them appears to be good argument in favor of mendicancy. Nimkoff<sup>1</sup> in a study of the personality problems of beggars offered some typical illustrations of beggar philosophy. One beggar for instance, claimed that he was not inferior to others that begging was merely his way of literally getting even with those who are successful in other ways. In another case Nimkoff found the mendicant was more interested in sympathy than in income and was more gratified by a word of kindness than by a monetary contribution. This man who was physically handicapped, decided that medical people could not help him because they would not. In another case the drive for security was superseded by the wish for social status or recognition. This beggar was saving a considerable portion of his income and investing it in stock. His aim was to be somebody some day. In one case Nimkoff found, the beggar was trying to escape from himself to readjust himself after a gruesome family tragedy. He had been confined to a sanitarium after the loss of his wife and, when he recovered, he continued to wander about helpless and dependent on others. One case typical of many showed a man who had been in the military service of the United States eager to settle accounts with those who had not risked their lives and taken punishment. The conflict here was kindled by a wish for justice as much as a desire for revenge.

In all these types, however certain general traits could be discerned. They were all more or less given to simulation, a conscious eagerness to deceive. They were all more or less isolated physically and socially. They appeared eager to retreat immediately after making contact with their patron, and tried to

<sup>1</sup> M. F. Nimkoff. *Personality Problems of Beggars*. *Sociology and Social Research* May 1928.

evade conversation, if possible. They were found to live generally in roominghouses, where social distance among residents is at a maximum. This physical and social isolation invariably leads to certain personality traits of an antisocial character. Those who do not develop into grossly abnormal individuals, and many of them do not develop a self justifying (rationalizing) philosophy. Occasionally beggars are found to be cooperating with other beggars. In any case, they do not try to compete with other beggars. They have found this to be mutually detrimental. Sometimes they exchange districts by agreement. Sometimes they claim 'squatter sovereignty' rights, and enforce their claims to a particular locale. A thorough knowledge of holiday dates, fairs and public gatherings helps beggars systematize their work. On this basis, and with this knowledge, they arrange to divide their potential spoils without being in one another's way.

**Causes and Treatment of Mendicancy** From the foregoing, the causes in many cases can be easily surmised. It is evident that beggars labor under conflicts of a personal nature, and that mendicancy to them is simply one way of solving these conflicts. Failure in industry is sometimes at the bottom of such conflicts. Personality defects may precede these conflicts but, at any rate, the conflicts precede the decision to turn to mendicancy. Shiftless individuals, over suspicious individuals and those maladjusted individuals who struggle against their neighbors and fellow workers, come to look upon mendicancy as the only way out of their need for isolation combined with security. Since they are seldom skilled workers, they quickly find themselves out of employment. With a growing sense of social dependence, due to repeated failure at work and inability to secure employment even with the aid of agencies, the potential mendicant arrives at the position where he is ready to trade his need for status for the easiest way of achieving security without work. Old age dependency, of course, may be in itself an inducement, quite aside from the earning history of the individual. According to I. L. W. Squier one person in eighteen of our wage earners reaches age sixty-five in penury. Many of these turn to mendicancy as the way out. Drink and drugs, to be discussed in a later section, contribute a certain percentage to the army of mendicants. A study of 2000 inmates of a New York lodging

house has shown nine out of ten to be fond of liquor. Industrial accidents are a potent source of mendicancy. One reason for this is that these accidents may impose serious financial burden upon the worker and supply an excellent rationalization for the occupation of begging. Basically, begging may go back to a childhood habit of soliciting change from good natured adults, be they parents or friends or utter strangers. Once the method becomes recognized as effective it is not difficult to resort to it when social and economic stresses leave few other ways and none as easy to the individual.

The effective treatment of mendicancy depends first of all, on a change in existing social attitudes. In primitive groups there could be nothing more simple than sharing belongings and products of the chase or agriculture. In a competitive economy this approach is impossible. But people practice charity in an irrational way. They do not stop to consider whether the group has agencies capable of providing for these maladjusted individuals. They do not stop to consider whether, basically, an economic system that leaves men unemployed and without visible sources of income, is in need of mending. Indiscriminate giving goes on, because the givers practice charity for the good of their own souls rather than for the good of the recipients. Prestige in the eyes of companions especially ladies, is often a temptation which men cannot overcome. Fear of losing status by being called 'stingy' is a powerful motive on the part of donors. The attitude of superiority which is promoted by such giving is often a powerful incentive also. Finally the fear that the mendicant might turn to crime and is to be favored because he has not done so in some cases serves as a justification for indiscriminate giving. Some form of advertising the means of organized society for dealing with inadequate individuals ought to be established. There ought to be social security of the kind recently adopted applicable to those who are not merely old but physically handicapped. There ought to be employment opportunities for those handicapped who are willing, but unable to get work. Some social agencies in large urban centers are operating shops for the handicapped and finding markets for their goods. This work, however is still in its pioneering stage. Vocational training in many cases might be a solution. Successful constructive work -

with discouraged poverty stricken individuals can prevent mendicancy which affects the community as much as it affects the individual concerned

**Alcohol and the Alcoholic** Alcohol has been variously regarded as a drug a food and a narcotic poison As a drug it is little used in modern medicine older uses being rapidly replaced or given up As a food it has long ceased to be of value As a narcotic poison it is still effective, when taken in sufficient quantity There is no evidence that it necessarily shortens life, that is, produces the characteristic effect of a toxin or poison A study of 7500 cases made by Raymond Pearl<sup>1</sup> at the Johns Hopkins Hospital, has shown that moderate drinking does not affect the span of life Excessive drinking, however, by hardening the arteries, the liver, and so forth definitely shortens life The span of life of habitual excessive drinkers is shorter as compared with that of moderate drinkers and that of the average population

Dr William Healy of Boston, a psychiatrist, has said that anyone who has half studied human inebriety must have reached the conclusion that many alcoholics are defective or insane ' A study made in Great Britain and based on 3000 cases, has shown 49 per cent of the alcoholic group to be mentally defective A study of 100 inebriates in Boston showed 37 per cent of them to be mentally defective The truth is somewhere between these figures, as far as intelligence is concerned But it must be remembered that both estimates refer to habitual alcoholics As far as psychosis (insanity) is concerned the findings in both studies are interesting The British study reported that only 2 per cent, and the Boston study only 7 per cent could be diagnosed as psychotic The conclusion to be drawn is not that the majority of occasional and almost half of the habitual alcoholics are normal individuals There is a high correlation between mental disorganization and alcoholic addiction There is furthermore a high correlation between alcoholism and mental conflict leading to psychopathy Alcoholism leads to nervous instability A restless person seeks relief from inner pressure by drinking a psychopathic personality may be easily induced

<sup>1</sup> R. Pearl Alcohol Biological Aspects *The Encyclopedia of the Social Sciences* The Macmillan Company New York 1930

by others to partake. The disturbing effect of liquor however leaves him in worse condition than before. Far from solving his conflicts the alcoholic becomes indifferent to responsibility and open to more numerous difficulties. He loses ambition to live and work. His affections also wane. We thus see that alcoholism is a self-perpetuating type of difficulty which tends to increase the very problems it seeks to overcome.

On the social side we find alcoholism to be no less a problem than it is physically or psychologically. While children cannot inherit alcoholic tendencies they may be poorly nourished and develop inferior nervous systems as a result of their parents' addiction. Then, too, they are invariably victims of neglect and abuse. The family usually suffers from a lack of the means of subsistence due to the growing inefficiency of the provider and his loss of earning power. Family life is often broken up or otherwise adversely affected. About 25 per cent of the families dependent on alcoholics become relief cases. Accidents are shown by statistics to multiply as a result of heavy drinking. Property destruction is common among alcoholics. There seems to be some justification for thinking that alcohol predisposes individuals to criminal behavior. This does not mean that alcoholism could be regarded as a cause of such behavior. By reducing normal social inhibitions, by perverting judgment and reasoning and above all by releasing feelings of aggression, alcohol helps the criminal operate more effectively. In this sense, it is an adjuvant if not a cause of crime.

**Causes and Treatment of Alcoholism** Alcoholism should be considered a problem only when it is chronic and excessive. Chronic alcoholism undoubtedly is a distressing personal and social symptom, and has always been a powerful factor in personal and social disorganization. The line of demarcation between moderate and excessive use of alcohol is not easy to draw. Alcoholism as a social institution began when individuals discovered keen temporary stimulation in the use of liquor. Unaware of its ultimate effect, social groups adopted alcohol as an element in social contact. The influence of others was meant to be a check on unfavorable reactions. Ultimately, however, the use of alcohol becomes a habit devoid of social meaning to the individual. As such it compensates the alcoholic for failure to get

satisfaction from his work or family life. Often it is an attempt to evade unforgettable, unforgivable disappointments. In some cases it is found to be an infantile revenge reaction perpetrated against parents. In its general aspects alcoholism is a mode of regression to infancy where all was well and all problems were taken care of by adults.

The mayor of a Massachusetts town announced as late as 1938 that he would order all drunkards ensconced in a tiger cage on wheels and drawn through town behind a paddy wagon until they can say truly rural without hiccoughs or other punctuation marks. The town founded in the seven-teenth century has seen sterner treatment imposed on such people in the form of wooden stocks, in which the feet and the hands of the culprit were pinioned while he was exposed to the scorn and calumny of the rest of the community. Regardless of whether this technique will bring lasting benefits to the town in question, it is hardly necessary to say that it is not applicable to the problem in other regions. The important goal to be achieved is the creation of a distaste for liquor. Sanitariums for alcoholics usually rely on cathartics, simple food, hygiene, new habits of living and interesting work. It takes at least five years, however, to build up lasting habits. Outside of institutions the problem presents many difficulties and attempts at treatment have met with varied degrees of success. Being an escape from reality, the pattern of life which alcoholism represents is not easy to change for something more inviting, or at least equally satisfying emotionally, must be provided to replace it. Psychological treatment is difficult because the patient himself seldom seeks relief. Without his cooperation mental treatment is futile. Hypnosis has but a temporary effect. The hope, hence, lies in an educated public opinion rather than in individual treatment. Until a social stigma is attached to alcohol in civilized society, there is little chance of preventing alcoholic excesses.

**Drug Addiction and the Addict** Narcotics were known ages ago. There is evidence that the Chinese emperor Shen Nung, in the twenty eighth century B C, taught the people to cultivate hemp for its fiber yielding hashish, one of the habit forming drugs. The Egyptians and the Persians used narcotic drugs. Vergil refers to the opium poppy in the *Aeneid*. Among primi-

tives the effects of narcotics have been well known. Their use and recognition are propagated among primitives for ceremonial purposes. The effects of narcotics are regarded as supernatural and associated with various magical rites. Of all the narcotic drugs leading to addiction those of greatest importance are (1) opium and its derivatives (morphine, codein, heroin and so forth) obtained from the seed capsule of the poppy, (2) cocaine produced from a South American plant, and finally (3) hashish or locoweed, and the notorious marijuana (or marihuana) derived from Indian hemp grown in Mexico, the United States, and elsewhere.

It was estimated that in 1919, there were 200 000 drug addicts in the city of New York alone. Recent estimates range from 100 000 to 1 000 000 for the United States. China was reported to have had over 2 500,000 addicts in 1927. In proportion to China's population, this is less than we should expect, if our own statistics are correct. A study of 2500 addicts in Chicago disclosed some interesting facts. The modal (average) age was found to be 30-34. Less than 8 per cent were under 25. Addiction was found to have begun at ages 20-29. One third of the addicts reported a history of 5-14 years' addiction, another third reported 5 years, and the last third claimed to have used the drug (opium) for 15 years or more. Educationally, 69.5 per cent had less than an eight year grammar school education as against 61.5 per cent for the general population. The majority of the addicts were native white Americans. Negroes made up 17 per cent of the group, though they are only 7 per cent of the total population. Occupationally, 30 per cent of the group belonged to the domestic and personal service category. It is a significant fact that three fifths of all known female addicts were found to belong to this occupation. There was an excessive percentage of single males and divorced females in this group.

It is inaccurate and somewhat futile to talk of the personality traits of all drug addicts as if they made up a single group of uniform character. Those under the influence of heroin and morphine, for example, change from drunken, fighting psychopaths to sober, cowardly, nonaggressive idlers. On the other hand, marijuana renders the individual recklessly aggressive, and leads to impulsive behavior of which he is normally incapable. There



are a few traits however which may be said to belong to drug addicts taken en masse. One of these is that they are all generally uncooperative, untrustworthy, and relatively helpless. They must all alike be considered diseased individuals. They are inadequate emotionally, and all of them possess notoriously poor judgment. Realizing that they are dependent on the drug, and that relief is useless, that they are outcasts socially, they become quickly discouraged and reconciled to their position. They generally suffer from digestive disturbances and lack of sound sleep. Deprived of their favorite drug, they manifest restlessness, depression, perspiration, nausea, cramps, nervous exhaustion, and even physical collapse.

**Causes and Treatment of Drug Addiction** This problem is more serious than alcoholism. Narcotics are habit forming to an extreme degree, and they leave a powerful effect on the organism because, as time goes on, the quantity used must be continually increased. The causes of addiction are generally traced either to medical prescriptions offered to appease pain and suffering, or to self administration of drugs under tempting conditions. These conditions may be provided by an associate or someone commercially interested in disposing of the product. It is thus not difficult to trace the causal influence to its beginning. The reason for continuance is difficult to state. Of course, physiologically, it is possible to say that a conditioning takes place. Psychologically, we can explain it in terms of habit formation growing out of mental conflict. Sociologically, the most interesting theory is that of Lindesmith,<sup>1</sup> who holds that not all individuals exposed to a given drug become addicted to it. A satisfactory theory, of course, must explain this fact. The factor which accounts for the continued use of the drug appears to be the knowledge, culturally spread, that the withdrawal of the drug will cause great suffering. It is with the view to preventing the distress which the addict knows will occur that he continues to cultivate the habit.

The users of narcotic drugs may be feeble-minded, of normal intelligence, or even of superior intelligence. They may be rich or utterly poor. The problem of treatment is the same for all of

<sup>1</sup> A. R. Lindesmith, "A Sociological Theory of Drug Addiction," *American Journal of Sociology* 1938, 43, 593-613.

them Various measures have been tried to enable addicts to regain control of themselves and with it normal status in society For the most part, little more than temporary relief has been achieved The majority of the addicts are regarded as incurable Because the habit is associated with mental conflict it may be said to be an aspect of the individual's failure to make good in the race of life As such it cannot be removed by changing the condition of the organism as such Changing the environment, in order that the addict may have an opportunity to start over and achieve a measure of success is more promising That alone, of course is insufficient because there is an organismic condition to overcome The dosage must be gradually reduced Excellent physical fitness must be brought about, in order that exhaustion due to the lack of customary doses may be more easily tolerated

The government of the United States is the only government in the world which has recognized drug addiction as a problem for federal control There are two hospitals maintained by the United States government one at Forth Worth Texas, and the other at Lexington, Kentucky Altogether, they can accommodate 2000 patients Sympathetic, competent treatment is given at these hospitals But their influence will be far from sufficient as long as the drug traffic is allowed to go on virtually unmolested There is theoretically international cooperation between countries producing narcotics and those importing them Yet in terms of local no less than international control much remains to be done

#### TERMS TO BE UNDERSTOOD

social age	catatonic
chronological age	true paranoia
mental age	manic depressive
I Q	predisposing causes
idiots	precipitating causes
imbeciles	psychosis
morons	mental hygiene
genius	social mobility
amentia	hobo
dementia	tramp
schizophrenia	bum
hebephrenic	migratory worker

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eugenic treatment	rationalizing philosophy
hobohemia	custodial care
euthenic treatment	rehabilitation
escape from reality	withdrawal distress

### QUESTIONS FOR DISCUSSION

- 1 Distinguish between amentia and dementia Point out to what extent each of these terms retains in part its original meaning
- 2 Show that the I Q is a ratio Estimate I Q based on the following data  
C A 15 M A 15 C A 10 M A 15 C A 15 M A 10
- 3 Give the traits of a case of true paranoia and explain the social significance of this disorder in terms of recent political events
- 4 To what extent are the rationalizations of the mendicant false and to what extent true?
- 5 Show how mental conflict enters into alcoholism and drug addiction
- 6 Discuss the outlook for prevention of (a) feeble-mindedness (b) insanity (c) vagrancy (d) mendicancy (e) alcoholism (f) drug addiction

### FOR FURTHER STUDY

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## CHAPTER 2

### DELINQUENCY AND CRIME

**Crime Defined** Civilized groups depend upon custom and law for their preservation. Customs and laws both represent established attitudes of groups. All groups have violators of established attitudes. Yet there is a difference between those who violate customs and those who violate laws. The difference lies in the type of punishment imposed by the group. The violation of a custom leads to social disapproval or relatively minor punishment. The violation of a law may be punished by fine or imprisonment in jail, workhouse, reformatory, or prison.

A crime is an act opposed to the established attitudes of a group as defined by law at a given time or place. That is because every crime involves a social situation and the group's definition of that situation. The group determines what types of social values are essential to its welfare. Even though the group may change its attitude from time to time, nevertheless an act contrary to the definition existing at a given time is considered criminal. Other groups may have different or even contrary definitions of particular social situations. Still, at a given place and time, one definition as expressed in law must stand.

**Criminals and Delinquents** A criminal is one who is guilty of a law violation. The law, in seeking to fix guilt, looks primarily at the situation in which the crime occurred and secondarily at the intent of the individual. Only recently did judges begin to consider the backgrounds of offenders. There is no difference in law between a criminal and a delinquent, except insofar as age is concerned. The theory of the law is the same for both types of offenders. The application of the law, however, differs with the age of the offender. The younger he is, the more inclined judges are to take the offender into custody for his own protection instead of punishing him for the good of society. Sociologically, this distinction is unsound. Both delinquents and

criminals if guilty of acts believed by the group to be injurious represent socially maladjusted individuals who require treatment for their own good as well as for the good of society

**Age and Sex of Delinquents and Criminals** First we shall discuss the factor of age. It has recently been estimated that the largest number of individuals arrested and charged with serious crimes falls into the age group 14 to 22, the modal (most frequent) age being 19, with 21, 22, and 18 next in importance in the order listed.<sup>1</sup> It is significant that 75 per cent of the prisoners of Sing Sing are under 21 years of age. It is also noteworthy that 53 per cent of all the robberies, 57 per cent of the burglaries, and 68 per cent of the auto thefts were committed, as recently as 1936, by individuals under 25 years of age.

Second, we shall discuss the factor of sex. Recent statistics show that twenty times as many males as females, in proportion to their incidence in the total population, were committed to state and federal prisons and reformatories. They also show that divorced and separated women commit a larger number of crimes, by sizable margins, than do unmarried women, and that divorced and separated women commit more crimes statistically than do divorced or separated men.<sup>2</sup> This is true of both crimes and delinquencies. In juvenile courts, the percentages are not quite so marked. For instance, three times as many boys as girls were dealt with by the judge of the juvenile court of Cook County in the year 1939.

Both age and sex point to significant elements in crime. Both show that where greater maladjustment is expected, there criminality is found in good measure. Thus the age at which the individual suffers the greatest social strain, when adjustment is most difficult (14-22), when one is no longer a child and not quite a man, is the age of highest frequency of criminality. The same holds true for sex. Those of the male sex, in our culture, are more immediately engaged in competition, more actively involved in the struggle for life and achievement, and thus are more often found among criminals than are those of the female sex. They take greater risks because they have higher stakes.

<sup>1</sup> Estimate made by J. Edgar Hoover, released Jan. 21, 1936, through the Associated Press.

<sup>2</sup> Based on reports of the Municipal Courts of Chicago.

Where, however, women are by comparison so situated socially that they must meet larger social obligations (as do divorced and separated women) there too we find a larger number of offenders. The predominance of divorced and separated women among criminals, as compared with divorced and separated men, is further verification of the principle just given. The women of this group are more definitely uprooted than are the men. Their social world crumbles when they leave their mates. The men's social world remains moderately intact. The higher incidence of crime among women in this group then is due again to a larger demand for social readjustment than is found among the males. We shall return to the sex and age factors in considering psychological factors in criminality.

**Extent and Cost of Crime** We are all as citizens interested in how much crime there is in the United States, how much it costs, and whether it is increasing or decreasing. The annual cost of crime is estimated to range from \$13,000,000,000 to \$16,000,000,000.<sup>1</sup> This is about three times the appropriation for the national work relief bill, and many times the cost of all education in this country. Included in this estimate is the cost of administering criminal justice, private expenditures for protection against crime, and losses due to the waste of labor of both prisoners and law enforcement officers. It has been estimated<sup>1</sup> that there are 4,300,000 criminals in the United States. Recently one in each 800 individuals was confined to prison in this country. When we consider that by far not all offenders, as defined either by custom or by law, are under arrest or even in the hands of the police, that furthermore, many of those arrested are never sentenced, we realize that statistics covering the extent of crime cannot be accurate.

What is the trend at the present time? In 1925 there were eleven times as many murders in America as there were in England. At the same time the United States counted twenty-seven murders to every murder committed in Holland. More than that, the United States had seven times as many murders as the entire continent of Europe. If differences in population entered into the first two comparisons, they were of significance in the second comparison only in emphasizing that we had more

<sup>1</sup> Estimate made by J. Edgar Hoover in 1937

than twenty times the number of crimes that the Europeans had for populations of similar size

The crime rate waxed until 1933 which became the red letter year for crime frequency in the United States. Although some of the rates remained the same, and some decreased in size, the number of homicides for the entire country reached its highest total, namely 12,123. This meant that Americans were slaying each other at the rate of 1000 per month or 250 individuals per week! In Chicago alone there was an increase of 60 per cent in major crimes at this time as compared with previous years. Gangsterism and the violation of the prohibition law had, of course, a great deal to do with this, yet neither of these could be considered directly causal as we shall see later on. In terms of rates of criminality, Milwaukee, Detroit, Chicago, St. Louis, New Orleans, and Jacksonville showed notable decreases by 1936. On the other hand, Memphis, Nashville, Mobile, Denver, and Seattle showed substantial increases. New York City, Boston, Cleveland, and Los Angeles remained relatively unchanged.

A general rise in crime rates was reported throughout the nation for 1938. The increase was in the neighborhood of 6.2 per cent over that of the preceding year. The annual crime report issued by the police commissioner of London also gave an increase of 10 per cent for the capital of Britain. Some cities in the United States, however, kept lowering their crime rates. Chicago reported one of the most striking decreases for 1938, especially in murder, burglary, robbery, and auto theft. Half as many cars were stolen in Chicago as in New York during this period and, on a percentage basis, even the city of Washington, D. C., led Chicago in every field of crime except robbery. Yet the next year Chicago's rates began to rise again, and increases were recorded in murder, manslaughter, rape, robbery, and larceny. Burglary alone continued to decline. In any case, Chicago succeeded in achieving a decrease in crime of over 50 per cent in six years, that is, since the banner year of 1933. To understand these ups and downs we must turn to the causes of crime as interpreted by sociologists at this time.

**Some Theories Advanced in Explanation of Crime** One theory of crime has proclaimed the innate depravity of the criminal. This theory says in effect that an individual is 'born

bad<sup>3</sup> or born good, and is certain to follow his predestined fate as a good or bad citizen. Second there is the devil theory, long held by religious people of preceding generations. Crime is committed at the instigation of the devil, they declared and no individual as such is to blame. The devil within the criminal however, must be severely dealt with. Third there has been the theory of reversion to savage type. This theory is connected with the name of an Italian criminologist Cesare Lombroso. Criminals, said he, represent a form of atavism. They form biologically a separate group distinguished by certain physical and psychological characteristics which stamp them unmistakably as belonging to the criminal class. Regardless of what any one could do, they must become criminal. Finally there is the imitation theory sponsored by the French sociologist and jurist, G. Tarde. It was Tarde's contention that crime results from imitation waves that sweep the group from time to time. More light on these theories will be shed later on, when we discuss causation in detail. At present, however, we must say that crime as shown by latest scientific research, is the joint product of an individual organism and the environing social forces to which the organism is exposed. It is generally agreed among criminologists (sociologists specializing in crime and its treatment) that crime is not at any rate, due to single simple causes such as earlier theorists advanced in explanation of crime.

**Hereditary Factors in Criminal Behavior** Is heredity a cause of criminality? Are criminals "born that way," as Lombroso's measurements were supposed to prove? Lombroso claimed that criminals were less sensitive to pain, and more subject to epilepsy, than normal individuals. He said that he found them to have asymmetric crania (misshaped skulls), longer lower jaws, flattened noses, scanty beards and abnormal pain receptors. Charles Goring a physician and English prison official carried out measurements similar to Lombroso's on more than 3000 English convicts over a period of eight years, which he compared with the measurements obtained on a noncriminal group of English citizens. This he followed by measuring the graduates of Oxford and Cambridge universities, and comparing the averages obtained. The results proved that the cranial measurements of criminals differed as much from those of the



general population as the measurements of the two university groups differed from each other. Goring's results announced in his famous treatise *The English Convict* published in London in 1913 were considered conclusive for some years.

Recently Earnest Hooton, anthropologist at Harvard, repeated Goring's study with 17,680 criminals in the United States.<sup>1</sup> Hooton's conclusions are more in keeping with those of Lombroso than with those of Goring. Hooton has shown that criminals as a class are shorter and lighter for one thing. Also they have smaller heads and chests, lower foreheads, narrower faces, shorter noses, and sparser beards and body hair than the average person in this country. Murderers have broader jaws and narrower lower heads. Rapists have the shortest stature of all criminals. Forgers, as a group, are in no wise different from the rest of the normal population, but they are the only exception in Hooton's researches. Soon after Hooton had published his results, Ales Hrdlicka, anthropologist at the Smithsonian Institution, announced that his long efforts to find a criminal type convinced him that there were no physical criteria for distinguishing potential criminals. There may be a criminal facies—a combination of the facial expression, body build, and motor behavior. That, he said, "may be sensed but not proved" and in any case there will be numerous exceptions. Hooton's conclusions then represent a reversion to Lombroso's discredited theory, though of course, as such, they have not been disproved. They do not seem incredible if we allow for many individual exceptions and may be accepted as showing that criminals, as a group, possess inferior organisms and are not perhaps as well built or as handsome as are well adjusted individuals. From the sociopsychological point of view, physical form, though a product of heredity in large part, may help or hinder social adjustment. Insofar as it hinders adjustment, it facilitates, even if it does not assure, maladjustment. Individuals like Steinmetz did succeed. The hunchback of Notre Dame, whether mythical or real, proved the capacity of human 'monsters to perform noble deeds. On the other hand, "Babyface" Nelson, Martin Durkin, and even Dillinger became notorious criminals in spite of their handsome appearance. The exceptions then are fully as important as the rule.

<sup>1</sup> E. A. Hooton, *Twilight of Man*, G. P. Putnam's Sons, New York, 1939.

The claim that criminals inherit certain patterns of action has met with less approval since Lombroso's day. Lombroso, it will be recalled, claimed that criminals had a low threshold of pain sensitivity. In keeping with Lombroso's thinking it was shown that 14 per cent of the inmates of the Elmira New York reformatory had insane or epileptic heredity. Similarly 23 per cent of the inmates of the Auburn, New York, reformatory were shown to be of neurotic origin. It fell to the state criminologist of Illinois Herman Adler, to prove in 1923-1925 that while these figures might conceivably have been correct, and even paralleled by similar figures in other state prisons they did not prove conclusively hereditary behavior differences between convicts and normal citizens. In a careful study by Adler evidence was furnished to prove that the percentage of insanity, neuroticism, and epilepsy found in prison populations by no means exceeds that prevailing in the population at large. It is now held that, in similar social and economic groups normal and abnormal behavior, as far as heredity is concerned, are found to the same degree whether in or out of prison.

**Economic Factors in Criminal Behavior** Do economic factors enter into crime? Any answer to this question must be carefully qualified. If by economic factors we mean a substandard income, or lack of income, or poverty, then the newspapers have long since supplied the answer. The following is one of the many newspaper stories illustrating the importance of the economic factor.

Lack of work for himself and food for his children drove L. B. twenty six years old to robbery. Conscience drove him to the detective bureau. "I never did a dishonest thing before in my life," he said. "But the kids had to have something to eat. So I got a monkey wrench and held up a man. I told him I'd kill him if he didn't hand over his dough. Here it is — all I got from him. Lock me up."

Cases of this type could be multiplied. They all deal with the same general subject. Those devoid of means risk their reputation, liberty, and life to acquire necessities, and sometimes luxuries, through criminal action. Sociologists have made several studies along this line. One study, made in 1915, brought out clearly that the 1914 unemployment era increased burglaries to the extent of 30 per cent, robberies 64 per cent, vagrancy 51 per cent, and mendicancy 105 per cent. Unemployment thus

showed a definite interdependence between economic factors and human behavior. The increase of burglary and robbery pointed to the dependency of criminality on economics. Sullenger<sup>1</sup> analyzed the cases of 500 delinquents who appeared before the courts of Omaha over a six year period. He showed that 25 per cent of the families of these delinquents were registered as having received some aid from the public or private relief agencies. Lumpkin<sup>2</sup> in a study made in Wisconsin offered similar facts in regard to 250 girls confined to correctional schools. Lumpkin found that 95 per cent of the girls came of the class recognized as least advantaged in income and opportunity and about two thirds of these homes had been given community assistance of some kind. In the major offense group of girls committed in Wisconsin there were homes in which either harmful social and economic conditions existed or else certain necessary conditions were lacking. In the minor offense group, however harmful conditions were always present, showing that in these cases they must be always assumed and, in the former they must be always expected. In a similar study of a group of boy delinquents made by Caldwell, and published in the same journal in 1931, it was shown that the occupations of the parents were in 67 per cent of the cases below the skilled level which is about 15 per cent more than there is in the general population. The delinquents themselves were found to have been gainfully employed in 51.5 per cent of the cases. This would seem to minimize the economic influence. But a closer study of the figures shows that the boys employed began to work at least two years earlier than the boys in the general population. The general population of the state of Wisconsin shows the highest amount of employment at seventeen or over while 92 per cent of the delinquent boys were fifteen or less. Hence the factor of employment must be considered important.

Economic factors take on protean forms depending on the education and status of the individual involved. The fact that economic factors are often found to be tied up with the crime

<sup>1</sup>E. T. Sullenger. Economic Status as a Factor in Juvenile Delinquency. *Journal of Juvenile Research* 1934 18 233-245

<sup>2</sup>K. D. Lumpkin. Factors in the Commitment of Correctional School Girls in Wisconsin. *American Journal of Sociology* 1931 37 222-230

nalities of the poor does not mean that the poor alone become criminal. It must not mean that all poor people are potentially criminal or that all rich people are immune from crime. Surely it cannot mean that robbery is a crime while going bankrupt, manipulating stocks, or crushing competitors is not. Newspaper accounts like the following are common:

W. B. [playboy promoter] and W. G. [a fellow broker] were convicted today of fraud in the manipulation of defaulted railway bonds. The jury found them guilty on seven counts of mail fraud and one of conspiracy. The maximum penalty for the brokers would be thirty-seven years imprisonment and \$24,000 in fines.

Many cases similar to this could be cited. Richard Whitney's case is well known. The case of Ivar Kreuger attracted enough attention to become a classic of its kind. Leo Koretz, Cassie Chadwick, Charles Ponzi, Walter Wolf, are a few more of the notorious swindling brigade who made their reputations at the expense of unwary investors, only to go down into history as criminals. A noted criminologist, E. H. Sutherland,<sup>1</sup> summed up the matter recently as follows: 'The present-day white-collar criminals,' he said, 'are often merchant princes and captains of finance and industry who differ from the robber barons in that they are more suave and deceptive. Their criminality has been demonstrated again and again in investigations of land offices, railways, insurance, munitions, banking, public utilities, stock exchanges, the oil industry, real estate reorganization committees, receiverships, bankruptcies, and politics. Thus Sutherland disposed of the myth that economic factors operate to make the poor criminal, and by the same token do not enter into the criminal behavior of those addicted to what Veblen had called conspicuous consumption.'

Many years ago the social economist, Bonger, leading the so-called environmental school of criminology, collected evidence in favor of the economic theory of criminal behavior. He proved that the unequal distribution of wealth, business cycles and unemployment, business cycles and speculative eras, poor housing and poor sanitation, and finally child labor and the lack of education all correlated positively with the rise in rates

<sup>1</sup> In an address before the Central States Probation and Parole Conference, Chicago, April 25, 1940.

of criminality In this country a study of the business index in relation to juvenile delinquency in Allegheny County of which Pittsburgh is a part for the period of 1918-1934, showed a definite tendency of delinquency to rise with the rise in business index This is due to the fact that higher prices lower the standard of living of the poor A similar study of the relation between dependency (or poverty) and delinquency for the same period and region showed a marked positive correlation between the two trends In other words as dependency increases so does delinquency This holds true for both boys and girls

In a recent study in the Chicago area made by E. R. Mowrer of Northwestern University somewhat surprising facts were discovered with regard to the influence of the depression on delinquency Mowrer's study indicated that if general delinquency and criminal trends are responsive at all to depression they are not directly sensitive to the downward and upward movements of economic conditions Except for burglary Mowrer<sup>1</sup> reports, which showed an increase during the worst part of the depression there was no significantly larger percentage of offenses such as robbery auto thefts larceny gambling and embezzlement In fact gambling continued to decline until it was, in 1935 a third of what it had been in 1930 The conclusion thus reached by Mowrer was that groups hardest hit by economic difficulties do not turn to crime in greatest numbers What was true of groups was true of areas The city areas hardest hit by the depression did not show an increase in rate until economic conditions had improved

This study is significant for what it showed but it did not show that economic conditions do not tend to correlate with crime What one must add in taking stock of the recent depression is that the government through widespread relief and government projects, made it unprofitable for a great many criminals to ply their trade Thus the most dangerous of the crime techniques such as larceny robbery and auto thievery showed a diminution The safest of these techniques burglary alone showed an increase and that during the depth of the depression The fact of the matter is that many minor hoodlums and gangsters gladly

<sup>1</sup> E. R. Mowrer *Individual and Social Disorganization* J. B. Lippincott Company Philadelphia In press

responded to the government call and aligned themselves with some socially useful project. This and an effective piece of social work with people on relief explain the figures obtained in Mowrer's valuable study, valuable because it showed how crime could be reduced if not prevented in time of national crisis.

**Regional Factors in Criminal Behavior** Can geographic conditions be considered causally related to crime? There is

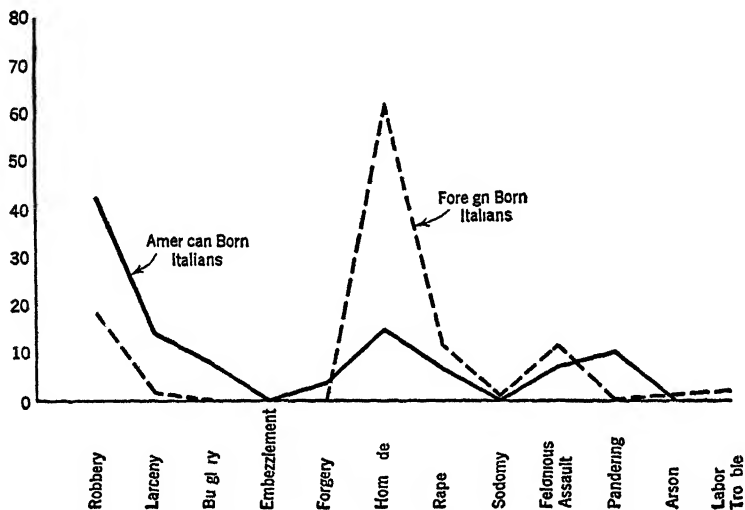


FIG. 1. RELATIVE FREQUENCY OF CRIMES COMMITTED BY FOREIGN BORN AND AMERICAN BORN ITALIANS

statistical evidence, gathered by anthropogeographers, to show that the incidence of criminality changes with season and weather; that it tends to predominate in hilly as compared with valley regions; that it is more likely in city than in country environments. This evidence has been confirmed, in part, by a statistical study made by Giovanni Giardini<sup>1</sup> of the Western Penitentiary of Pennsylvania. Giardini has shown that when one compares the frequency of crimes among foreign born Italians with that found among American born Italians, one finds a larger number of homicides, rapes, and felonious assaults in favor of Italian born Americans and a larger number of robberies, larcenies, burglaries, and pandering activities among American born Italians,

<sup>1</sup> G. Giardini, *A Report on the Italian Convict*, the Western Penitentiary of Pennsylvania, Pittsburgh, by whose permission Figs. 1 and 2 are reproduced.

thus indicating possible regional national influences so far as type of crime is concerned (See Fig 1 ) On the other hand in a comparison of per cent frequencies as between native white Americans and native Americans of Italian ancestry he found virtually no differences except for rape in favor of the Italians and a higher per cent frequency of pandering among the native white Americans (See Fig 2 )

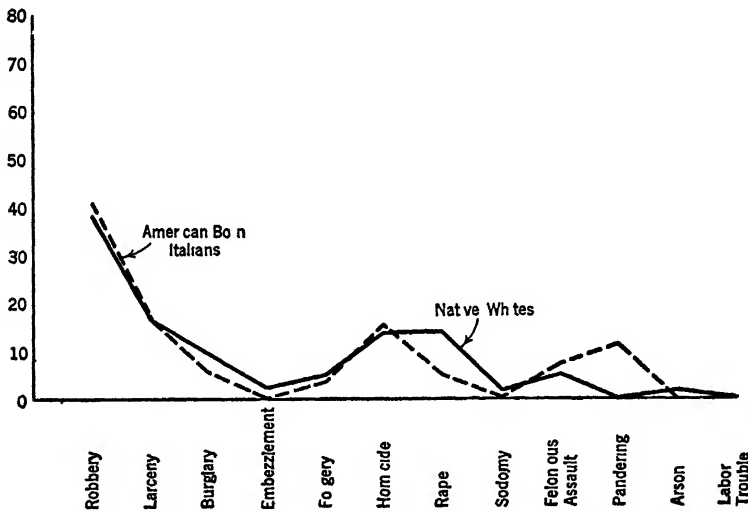


FIG 2 RELATIVE FREQUENCY OF CRIMES COMMITTED BY NATIVE WHITES AND AMERICAN BORN ITALIANS

The crucial study in the field of regional influences was made by Clifford Shaw, sociologist connected with the Illinois Institute for Juvenile Research. In numerous publications outstanding among which is his *Delinquency Areas* Shaw proved that there is a direct relation between city communities and delinquency rates. In order to find delinquency rates Shaw discovered the frequency of delinquency for Chicago's school districts over a period of twenty years, and divided that by the total number of children in school attendance over the same period in each district. His findings have shown that the areas of highest delinquency rates are found closest to the oldest part of each town closest that is to the business district and major industrial developments. These areas, which have been termed *blighted areas* are characterized by physical deterioration decreasing population high rates

of economic dependency, a high per cent of foreign born and Negro population and high rates of adult criminality. Blighted areas Shaw proved are characterized by marked disintegration of traditional institutions and neighborhood organization and by their failure to function effectively as agencies of social control. Most important of all was his discovery that the nationality composition of these areas over a period of two decades changed almost completely while the delinquency rates remained constant. Furthermore as the older nationality groups moved out, their rates of delinquency showed a consistent decrease. In many cases it appeared that these areas possessed elements which contributed directly to the delinquent habits and attitudes of children. These habits and attitudes were merely an adjustment to the expectations of the neighborhood—that is, the neighborhood made possible delinquent behavior in children.

Something amounting to training in delinquency was found to exist in certain urban regions. Corrado De Sylvester<sup>1</sup> in a study of Italian immigrants in Chicago and Blue Island, Illinois, revealed the noteworthy fact that people of a certain national origin, living in a deteriorated city environment run up a large rate of criminality while, in a normal, well organized small town community the same people show a remarkably low rate of criminality, no higher than that of their neighbors in town.

What is true of the city and its neighborhoods is true of our various states, and of the country as a whole. There are undoubtedly slum areas in states, and the country as a whole could be divided into regions on a similar basis. It must not therefore be supposed that those living in rural areas are immune to crime, or do not tend to show higher delinquency and crime rates than do other regions. Rural life is no guarantee of decency and honesty. There are rural mobsters and rural criminals. The Ku Klux Klan, the Black Legion, and numerous other gangster groups thrive in rural environments. In spite of their attitudes of pseudo patriotism, and pseudo Christian idealism, these denizens of rural slums may yet become a serious problem to America, in a strictly criminal sense.

**Familial-Cultural Factors in Criminal Behavior** To what extent are family conditions instrumental in promoting crime?

<sup>1</sup> C. De Sylvester unpublished monograph



The influence of parents in making crime possible directly has not been sufficiently recognized. Numerically it does not appear to be very large but that it exists there is no doubt. Following is a case gleaned from the daily press.

An immediate sentence to the penitentiary to spare him the necessity of facing his son in the county jail was sought by G. S., forty nine years old, who was captured after robbing a hosiery company. S. confessed that he had started his son Harry, a former high school football star, on a career of crime. After robbing several stores Harry wanted to branch out with other robbers and did so against his father's advice. The son was apprehended and the father claimed to have committed his last robbery to obtain money to engage an attorney for his son.

Direct influence of this sort is of course infrequent. Even in blighted areas parents generally show deep concern for the development of their children and prefer to influence them away from crime. Because the parents in blighted areas are frequently foreign born, their attempts to influence their children are not generally effective. This is not due to the fact that they themselves tend to be criminal. H. H. Laughlin in a recent study attempted to establish a contrary point of view. He had found that there were 946 foreign born inmates in seven New York prisons among a total of 6382 prisoners. This would seem to make foreign born individuals 14.8 per cent of the total criminal group. However it was later shown that New York State's foreign born population constitutes 25 per cent of the total population (1930 census). Hence we must conclude that 25 per cent of the general population are responsible for but 14.8 per cent of the criminals in prison. On the other hand New York State's native white population is 74 per cent of the total. But this group constitutes 85 per cent of the total prison population of the state of New York. Thus we see that the foreign born do not constitute a serious criminal problem. Even though immigrants are more subject to cultural conflict than are natives still they themselves do not contribute out of proportion to their number, to the criminal population of this country. The American born children of immigrants however do contribute more than their proportion to the criminal group. The reason for this again, is not that they acquire criminal patterns from their parents but that they sometimes acquire neither their parents' cultural

patterns nor the established patterns of the native American group

Besides conflict between parents and children certain other family conditions tend to contribute to delinquency. It has been shown that broken families bear a significant relation to the crime rate. Twenty five per cent of the children in this country live in broken homes. According to a study made by Shideler <sup>1</sup> 70 per cent of these become delinquent. Some sociologists seem to hold that the loss of a father is most vital while Shideler finds that the loss of a mother is more fundamental. In any case, the Wisconsin study by Lumpkin, already referred to, has proved that two thirds of the homes of delinquent girls in Wisconsin had been broken by disorganization and death and in almost one half of the homes there had been stepparents, foster parents, or relatives in charge. The number of broken homes in this sample was obviously larger than that in the general population.

**Psychological Factors in Criminal Behavior** To what extent do psychological factors enter into the causation of crime? The first of these factors which we might consider is intelligence. Are criminals more or less intelligent than people in the general population? The answer is. There are undoubtedly dull criminals and many of them have been apprehended both because they are dull and because they are criminal. Witness this ,

There was something about the way W W fourteen years old pulled \$200 from a big roll in a Loop clothing store that caused the clerks to become suspicious. The boy purchased several \$10 silk shirts a couple of suits a lounging robe for \$25 a suitcase and a traveling bag and then he handed a cash boy a \$6 tip.

W was told to come back for his clothes in a couple of hours and when he returned he found the police waiting for him. They discovered that he was the boy who earlier in the day walked out of an office to which he had applied for a job with a package containing \$1155 temporarily laid aside by the cashier.

Compare this report with the one below.

A P the original chloroform burglar who looted the homes on Chicago's Gold Coast to the extent of \$100 000 five years ago was shot to death while attempting to rob the home of the president of the C company. P once declared to be a genius gone wrong was a graduate of W university a linguist an athlete and opera patron. He had been sentenced to from one to twenty

<sup>1</sup> E H Shideler. Family Disintegration and the Delinquent Boy in the United States. *Journal of the American Institute of Criminal Law and Criminology* 1918 8 709 ff

years in Joliet for the most notable list of robberies in the history of Chicago crime. Ponce stated that he selected his victims from the Blue Book and Social Register and never attempted a burglary without an exhaustive study of his victim.

Henry Yudin<sup>1</sup> psychologist at the Michigan state prison, recently declared that the average convict is stupid and has a mental age of twelve. He added that the average intelligence of 900 prisoners he tested was dull, and 27 per cent were definitely feebleminded. Furthermore, he said he was convinced that low intelligence was responsible for their drifting into crime. Lane and Witty,<sup>2</sup> however, found that the intelligence of 699 delinquent boys whom they had studied did not average lower than that obtained among nondelinquents drawn from racial and socioeconomic groups similar to those of the delinquents. Offenders from broken homes tended to average lower in intelligence than those who had come from homes intact, but the average intelligence of all the delinquents tended to show dull mentality. Thus Yudin's findings and those of Lane and Witty do not disagree. The latter, however, proved that, compared to that of the groups from which the criminals had come, their intelligence was at least average.

One of the most important psychological factors in crime is mental conflict. William Healy in his *Individual Delinquent* classic volume on the subject proved that mental conflicts are basic to criminal behavior. Others have written on this subject, and the evidence is now regarded as beyond the possibility of doubt. We might list several of the causes of conflict. First, revolt against father authority where the father is an especially forbidding, unsympathetic parent. Second, envy of brother and sister, where one gets the feeling that the brother or sister has privileges which one cannot attain. Third, a deep seated attitude of inferiority, induced by ridicule and discouragement, and the wish to overcome it by attracting attention. Fourth, an attitude of guilt or fear which seeks release through suffering of some kind. Since arrest and imprisonment provide an opportunity for suffering, it is sometimes sought as an end in itself. These conflicts, arising

<sup>1</sup> In an interview with the Associated Press, May 1, 1939.

<sup>2</sup> H. A. Lane and P. A. Witty, "The Mental Ability of Delinquent Boys," *Journal of Juvenile Research*, 1935, 19, 1-12.

in the family environment, may of course revert to it but more often they are shifted to the outside world and form the basis of criminal action. Mental conflicts become especially acute when the individual is faced with life's responsibilities as in the period of adolescence or in later life when the individual is faced with important decisions as in connection with vocational choices or marriage and finally in periods of transition from one social role to another as is the case with the woman who has been separated or divorced.

Crime is basically, then, a matter of aggressive action due to underlying mental conflicts. We must note here that a poor physique, defective vision, short stature (of which one is conscious), an unattractive appearance more or less due to heredity, make conflicts more numerous and more deep, and predispose to aggressive antisocial conduct. Economic pressures, whether because one is poor, or in spite of the fact that one is rich, increase the range of mental conflicts and give them an immediate outlet in the search for money. Blighted areas make the choice of antisocial solutions for one's conflicts easy and force decisions on an individual which in a normal neighborhood, he might not have to make. Finally, the family environment, with its direct and indirect sources of conflict is at the very bottom of the urges which eventually lead to criminal action.

The causes of crime then are complex and not simple. None of the factors listed may be said to be responsible alone for criminal behavior. It is inadequate physique, family maladjustment, blighted neighborhood setting, and economic pressures, superimposed on a persistent mental conflict over what is right and what is wrong, what is less desirable and what is more so, that collectively explain the origin of criminality in the vast majority of the individuals now filling our penal institutions. In certain instances, the combination need not include all of these factors. In the case of rich people, the neighborhood need not be a factor. In some murder cases economic motives are not in evidence. There are cases where physical structure does not play a part in crime. At least two factors, however, are always present: family maladjustment and conscious or unconscious conflict preceding the crime.

**Our Emotional Attitude toward Criminals** No satisfactory system for treating criminals can possibly develop until we under

stand our attitude toward criminals. Thus we must stop to evaluate the convictions and beliefs we have with regard to criminals. One basic conviction we all have is that criminals do not belong in our social world. This conviction is not especially hard to defend. The criminal does not, and perhaps cannot claim membership in the world of so called decent or law abiding citizens making up the great society. Does this mean that he does not belong in any social world that he is a beast without human contact or social recognition? Indeed not! The criminal if he belongs anywhere belongs in the underworld of men and women of his own kind. This is especially true of the recidivist or repeater in crime. In the underworld the duties of members are as rigidly defined as are the duties of members in the larger, law abiding group. The definition of underworld duties amounts to a code. Narrowed down to fundamentals this code says (a) be right that is, do not be like the good people (b) don't squeal (c) don't 'double cross' a pal (d) be brave (e) keep your business to yourself (f) honor a right guy (g) kill a rat (h) steal from those who can afford it not your own kind (i) don't get caught (j) die game. This code operates with absolute certainty in controlling behavior in underworld groups. Punishment for violation comes swiftly. Nevertheless the rules and the punishment imposed for their violation do not check with those of the larger group. Hence, we have an emotional aversion to the criminal similar to that toward an enemy in wartime.

Obviously, the fact that the underworld defines us as enemies and threatens our existence, is an important reason for our hostile attitude toward criminals. This however, is not the only reason. Another reason, not so obvious, is that we who are law abiding who permit the group to check our own unsocial impulses envy those who have the freedom which we deny ourselves. Our hostile attitude toward criminals is partly due to the fact that we shift our own aggressive impulses, checked by the group to the criminal who does things which we do not permit ourselves to do. The criminal gives us an opportunity to express our own unsocial impulses in a socially desirable way. But of course consciously we do not admit that this is so.

The point just made is a little difficult for us to see. What proof

is there that we have unsocial impulses one might ask if they are kept in check — that is kept from clear realization? The only proof of the fact that so called decent and law abiding citizens have such impulses is that at one time or another virtually all of us committed social wrongs which were punishable but perhaps not punished merely because we were not recognized, or prosecuted or treated as offenders Taking someone else's postage stamp or pencil is as much an act of thievery as the stealing of a pocketbook or bankroll The beating of a child is a punishable offense in some communities Advertising worthless goods as first class goods a practice far from uncommon is not lawful Who shall cast the first stone? Yet we need not conclude that criminals, when sentenced by due process of law should not be confined to institutions where they can be rehabilitated for their own good and the good of the group What we mean to say is that understanding why our attitude toward criminals tends to be emotional, we shall be in a position to realize what treatment is best and provide plans for such treatment Without such realization proper treatment, much less prevention, of criminal behavior is out of the question

**Theories of Punishment** Ellsworth Faris has classified and interpreted five philosophies of punishment One of these philosophies is *expiation* This philosophy declares that in committing a crime, the individual has also committed a sin Thus he stands guilty before an angry God The emphasis is on the divinity of criminal law, based fundamentally on reverence for age The assumption is that suffering on the part of the criminal will somehow overcome his crime Life, says Faris, however, is asymmetrical We cannot go back to where we had started Suffering cannot undo a crime any more than punishment always causes suffering The second philosophy of punishment is *retribution*, or vengeance The ultimate justification for this view is found in the logic of Kant a German philosopher There is such a thing as abstract justice said Kant The highest thing in life, he held, is duty not happiness Duty is a categorical imperative and thus cannot be reasoned It can be understood only as part of experience But if punishment cannot be reasoned, says Faris neither can guilt Furthermore this view implies that punishment alone is moral Does this mean that forgiveness is

immoral? At any rate, this theory does not explain how a given offense and a prescribed form of punishment can ever be equated. Of course, there is such a thing as equating offense and punishment in the eyes of the community but this is purely a matter of judgment. The third theory of punishment is *deterrence* or prevention. This view is expounded by another German philosopher, Hegel. The argument here is that we are not so much concerned with a particular offender as with the effect of his deeds upon others. The association of ideas (a theory discarded by psychologists) will bring to potential criminals the memory of punishment, and they will not commit crimes. The naivete of this view lies in the fact that no one is punished until he is a criminal, and no one needs deterring if he is not criminally inclined. The most important argument against this philosophy is that we have followed it for ages and crime has been generally on the increase. The fourth theory of punishment is *disablement*. This view holds that crime can be prevented by capital punishment or at least life imprisonment. This theory is an admission of failure and, like the theory of prevention, has been used too long to have proved effective in preventing crime. Faris calls it good but stupid. Fifth and last we have the theory of *reformation*. This represents a benevolent attitude on the part of the group, an attitude which demands that reeducation should replace punishment. If so, reformation is not the same as punishment and to classify it in that way is hardly proper.

**The Beginnings of Punishment** Among primitive peoples of other lands and among the isolated denizens of our rural mountain and backwoods regions, vengeance is individual. Shooting or throwing a burning fagot at a culprit is not at all uncommon. In totemic society among primitive groups that are more highly developed we find no individual vengeance any longer. Vengeance here belongs to the clan, and reprisals are strictly a matter of collective responsibility: one clan attacks another. The avenging party is led by one of the victim's relatives, while the defensive party is led by the offender. In a somewhat later stage of development group contests are replaced by individual contests, each group selecting one individual to represent it. This is found among Australians but the best known illustration in our own literature is the story of Sohrab and

Rustum Among some Australians custom requires that the offender submit to a shower of spears and boomerangs and thus no contest is required These are the various forms of what is known as blood revenge

Blood fines or redemption of the offender as a substitute for blood revenge, came in with the institution of private property Among the Iroquois for example sixty presents had to be handed to the relatives of injured kin Following the stages of (*a*) individual revenge (*b*) group revenge and (*c*) blood redemption we advanced to the stage of what is known as (*d*) public jurisdiction This, the most complicated form of punishment appears in four different ways In some groups sentence is imposed by the chief or chiefs and the clan or family of the injured individual carry out the sentence (Africa) In some groups the kin punish but the group prescribes the manner of punishment (Abyssinia) Thus no sentence is needed in individual instances Custom operates automatically There are groups in which the right to kill is withdrawn from the kin of the injured one (Samoa) Here the right of the kin is reduced to mere form The offender is deposited before the family dwelling and his punishment though administered by the group is made to appear as if the family were administering it The fourth type of public jurisdiction came in with the kings The king projecting his ego on the state, regards himself as offended Hence it is no longer a matter of dispute between individuals The state convicts and executes as well The injured party is merely used as a witness in behalf of the state With some modifications this is the procedure used in this country today Hence the announcement before a judge takes up a case in court that 'The People of the State of X (are arraigned) versus John Z

**History of Punishment in Europe and America** American methods of punishment go back to certain European antecedents It was Europeans who first brought these methods to this continent as a result of their own experience with crime Capital punishment was very popular in Europe, and so it was with the early settlers here Burning, beheading drowning hanging crucifying strangling drawing and quartering boiling throwing to serpents and beasts are a few of the social delicacies which the medieval public of Europe indulged and encouraged Not all of



these were transferred to this continent but many of them were Among the minor forms of punishment in colonial America history records flogging, starving and public exposure at the whipping post Incarceration as a more humane form of treatment followed these early methods of disciplining offenders Confinement to separate quarters castles fortresses, hospitals and even convents and monasteries, curiously enough preceded confinement to prisons

It was during the Elizabethan period that confinement to jails and workhouses first came into practice Thus originated the present prison system The same idea of reform through work, came into use almost a century afterward under the influence of Pope Clement XI, who established the Hospital of St Michael at Rome Over the gates of this institution the pope placed the inscription

For the correction and instruction of profligate youth that they who when idle were injurious may when taught become useful to the State

This laid the foundation of reformatories for youth One fault remained The work done in reformatories and prisons was under private control by contract arrangement with the state Heavy irons starvation, lack of sanitation the presence of dissolute women within prisons and the exploitation of the prisons for the jailers profit constituted some of the shortcomings of the system John Howard an outstanding exponent of prison reform in England started a campaign in the eighteenth century designed to alleviate these wrongs

The first penitentiary was established at Ghent Belgium under the influence of Vilain, the father of penitentiary science at about the time of the American Revolution The penitentiary was a workhouse based on the system that a misbehaving prisoner should have his sentence extended and one behaving properly should have it shortened This served as a premature beginning of the indeterminate sentence theory In this country the Quakers played a notable part in helping bring about rational prison reforms William Penn abolished capital punishment in Pennsylvania and the Eastern State Penitentiary in Philadelphia became a model prison for its day This was a day when in England, death was still inflicted for more than 200 crimes The

movement to institute solitary confinement began in 1817 This led to the building of the Western Penitentiary of the State of Pennsylvania shortly afterwards Later, the Auburn prison in the state of New York changed this arrangement to solitary confinement at night and congregate care in the daytime Neither approach of course helped alleviate crime or cure criminals The Elmira, New York, prison established in 1870, first introduced work, education, and religion as essentials in rehabilitation

The indeterminate sentence, almost a hundred years after Vilain had thought of it finally became part of this system The fact that the indeterminate sentence, now in effect in most modern penitentiaries and prisons has not in itself materially reduced the rate of crime is no indication of its ineffectiveness Other factors enter in to make for success or failure in the reformation of prisoners Some of these factors are (a) the organization and operation of our police system (b) the organization and operation of our probation and parole systems (c) the nature of the inner life of jails and penitentiaries and (d) certain vestiges of cruel and unenlightened practices, equipment, and personnel which are still found in every state as reminders of the past

**Crime Detection the First Step in Treating Criminals** It is obvious to anyone who has given it some thought that just punishment cannot be meted out at all if the police use careless means of gathering evidence against suspects The Haymarket riot mistake has been historically verified The case of Sacco and Vanzetti was declared by authorities to have been based on notoriously faulty evidence The Scottsboro boys were repeatedly found guilty only to have their sentences reversed in higher courts The Mooney case merited the intervention of President Wilson, but local authorities continued to keep Mooney in prison until Governor Olson of California granted him a pardon Joseph Hillstrom for whom President Wilson also intervened died unwilling to admit that he was guilty of murder A Boston cab driver Clement Molway by name was arrested and charged with murder which fortunately newspaper reporters discovered someone else had committed The Archer-Shee case involving an English cadet falsely charged with stealing, stirred the entire British Empire at one time and finally

led to the vindication of the boy after much humiliation and irreparable suffering. The case of Jacob Frank, an engineer accused of rape and murder on merely circumstantial evidence, ended in a lynching before the authorities had a chance to act on an appeal. Five years later another man confessed to the crime. Most of these cases need only mentioning to give the reader a poignant realization of what innocent detention and jail service might mean.

It is the height of criminality to imprison one not guilty of crime. Yet such imprisonment cannot be attributed entirely to the activities of the police. The latter have been charged with indifference due to a sense of futility about their work. They have been charged with corruption. They have been charged with sadistic cruelty in strikebreaking activities. Police brutality as shown in third degree procedures have given some of the American metropolitan police a name not much better than that enjoyed by the Gestapo. Arrogance displayed by the police toward honest citizens has attracted the attention of those interested in civil liberties again and again. No doubt the lack of training on the part of our police and the lack of fundamental education, are largely responsible for these complaints. The sentencing of innocents, however, is not due to negligence, corruption or arrogance. It may and may not be due to brutality and forced confessions. It is probably due to the eagerness of the police to prove their worth — their overassertiveness rather than their laxity. Such eagerness can be tempered only by the means for the scientific detection of guilt. Such means are being developed: ballistics, chemistry (especially toxicology), microscopy (especially microphotography), not to mention fingerprinting, hypnosis, and other methods in use for some time. The men now being employed by the Federal Bureau of Investigation are becoming models of detective service. They are college bred, grounded in accountancy and law, and equipped with high grade intelligence. With better means of garnering evidence, and with more intelligence and training on the part of the police, we should get not only a diminishing number of innocent victims of overzealous but ignorant attempts to protect the population from the criminal, but also more efficiency in crime detection.

### **Methods of Treating Criminals Following Detection**

When the accused is brought to trial the state has taken the second step in treating him. Now a number of problems come to the front. We might mention first the lack of uniformity in the criminal laws of our states. What this means in escaping social treatment for crime is reasonably clear. The training of lawyers, prosecutors and judges is another matter of importance. The lack of training in psychology, sociology, anthropology, and economics is particularly glaring. Internship in jail, and familiarity with jail procedures at first hand, are badly needed for all those engaged in law practice, especially for those on the bench. The need of having judges serve as prosecutors and public defenders before qualifying for office is also indicated. But above all the institution of the jury requires attention. Grand juries investigating crimes in an attempt to find independent evidence are hampered in their work by their dependence on the office of the county (or state's) attorney. Petit juries (consisting of 12 citizens serving at court in individual cases) are even more in need of reconstruction. Time was when the petit jury served as a protection against the arbitrary rule of kings. Now its usefulness is limited by the fact that jurors merely prolong the trial and introduce an element which has been shown often to be subject to control from the outside. These matters, exceedingly important in themselves, will be reconsidered in a later chapter.

The details of trial procedure also will be taken up in the chapter just mentioned. The disposal of the case, however, once an individual is examined by the judge and jury, may be considered at this point. One decision possible is the so called suspended sentence. This means freedom for the accused, subject to good behavior over a given period and his reappearance at court at a later date. This differs from a probationary sentence in that it carries no supervision with it, while probation means release under surveillance for a stated period. The first probation law was enacted in 1901 and it is still considered the most hopeful form of treatment. As a test release on good behavior, it gives the offender not merely a chance to resume normal life, but it affords him the aid of a person who helps him make normal social and economic adjustments. In many cases

social workers assist probation officers especially in the treatment of juvenile delinquents. Probation officers now engaged in the more progressive urban centers tend to be themselves college trained individuals of broad experience in social work.

Parole should be differentiated from the two types of sentence discussed above. Suspended sentences and probation do not involve a term in prison. Parole always follows such a term. Paroles should be also distinguished from pardons and commutations of sentence. Pardons are acts of executive (mayoral gubernatorial, or presidential) clemency. They may come immediately after sentence is passed or at any time thereafter. Their object is not only to save the individual from going to prison, but to remove the stigma of guilt from his record. Commutations refer to release from prison before the term had been served. They do not change the implication that the individual committed a crime and are generally subject to approval by a parole board which investigates the prisoner and acts on his application, after the jail warden has approved it. Following the commutation the individual is generally placed on parole. This simply means that he continues his sentence outside the prison under the care of the state. However, theoretically he need not be so placed.

Most states have parole provisions. The institution of parole is considered one of the greatest achievements in the treatment of offenders. Yet parole frequently has been opposed by those who refuse to admit that prisoners return to society as members, whether they return as citizens (possessing civil rights) or not. As we have already seen a sentence may be fixed by the legislature (through law) a judge an executive or a board. In indeterminate sentences judges do not fix the sentence with precision. They merely fix the minimum or the maximum leaving it to the parole board to decide how long the prisoner is to remain in jail.

For some years sociologists have entertained the hope that a scientifically valid parole prediction scale could be devised. Such a scale, if accurate enough might be used, they thought to predict with relative accuracy whether a certain prisoner, when paroled, would make an adequate adjustment outside. With the name of Ernest W. Burgess of the University of Chicago is

connected the first attempt to devise a parole prediction scale for prisoners. This scale was prepared in 1929. Burgess scale was the result of a searching analysis of available material on parole violation over a period of years. His prediction system aims at giving the prisoner a rehabilitation quotient based on 21 factors

nature of offense	type of neighborhood
number of associates in committing crime	resident or transient where arrest took place
nationality of father	statement of trial judge and prosecutor
parental status (including broken home)	nature and length of sentence
marital status of inmate	portion of sentence actually served
type of criminal (first offender occasional offender recidivist etc.)	previous criminal record
	previous work record
social type (hobo gangster etc.)	punishment record in prison
county from which committed	age at time of application
size of community	mental age or I Q
	personality type
	psychiatric prognosis

Using these factors, Burgess constructed a point scale, the application of which gave him an expectancy table. Employed in various states this scale has given remarkable results. In the state of Minnesota as reported by George B. Vold,<sup>1</sup> 'parole prediction seems to have worked within the limits of 2 per cent error. With the decrease in the number of favorable points on the scale the chances of parole violation tend to increase. In other words, the more points in favor of the prisoner the greater his chances of adjustment on parole.

**The Odium of Jail Life** Referring to our penal institutions the psychiatrist William Healy has said. There is no clearer proof of the nonexistence of an applied science in the study of criminals than in the figures of recidivism or in the failure of our penal agencies. What purposes do prisons serve? They aim to confine, reform and deter criminals but they fail to accomplish the last two aims to a notable degree. The failures of our prisons are owing to (a) inefficiency of administration and the employment of untrained personnel (b) mass treatment by inflexible

G. B. Vold. Do Parole Prediction Tables Work in Practice? *Proceedings Am. Soc. Sociological Society* 1931 25 136-138

routine (c) lack of useful employment and (in some cases) vile or cruel living conditions which interfere with adjustment within prisons and bid ill for adjustment outside (d) overcrowding which results in idleness at the expense of taxpayers and (e) postgraduate work in vice and crime techniques which are at once dangerous and demoralizing. These failures point the way to reforms of all kinds. The most important of these, as suggested by Burgess, is taking crime treatment out of the hands of politicians and creating a full time board of prison administration serving staggered terms of fifteen years. This board should take full charge of all phases of penal work, including probation supervision and the appointments of personnel. Major changes are also needed in both prison routine and the maintenance of prisons.

A prison must be regarded as an institution where a compulsory system of reeducation is being carried out. From this point of view a prison must determine by careful analysis the prisoner's chances of returning to his community as a useful citizen. Psychology, psychiatry and sociology cooperate in making this analysis. The psychologist uses group and individual tests of intelligence to determine the mental age of the individual. The psychiatrist investigates emotional factors in the adjustment of the individual. The sociologist inquires among other things, into the social roles which the individual has played in various groups. Together they amass considerable information about the prisoner's general intelligence and ability to profit by vocational training, his social background and education and his major complexes or emotional strictures. This information makes possible adequate planning of the criminal's readjustment by means of a work training recreation program. The first step in such a program aiming at reconstructing personalities rather than avenging wrongs committed by monsters or beasts is proper classification within the prison. Classification based on physical health or sickness is primary. Classification on the basis of age is important. Classification based on normal or defective intelligence is another essential. Classification to take into account emotional twists and abnormal mentality is a basic requisite. Finally classification on the basis of social traits appears to be exceedingly important.

Classification alone however will not accomplish the desired aim. On the basis of a well thought out classification individual treatment plans can be developed. Those who are obviously nonreformable low grade feeble-minded individuals parietic convicts and insane convicts suffering from incurable mental diseases, should be remanded to hospitals where they belong. There would remain the group which could not be trusted on probation at the outset. This group should first of all receive all available medical aid in removing remediable physical illnesses and handicaps. In many cases, this may mean treating long neglected conditions by surgery. Psychopathic conditions should receive psychiatric and psychological assistance until a new social attitude is established. Social reeducation through such means as Warden Osborne's Mutual Welfare League can help restore self respect and an attitude of responsibility. The prison government can be so reorganized as to facilitate wider participation of inmates in the life of the prison community. One sociologist Edgar W. Voelker has suggested that participation in the government of his community would help each prisoner to identify himself with the whole community and would enlist his cooperation with that of the prison guards and officials. The prison is a community whether the outside world so considers it or not. Using it to bridge the gap between the period of reconstruction and the period of freedom is of uncommon importance. The future of the prisoner however, requires also training in a trade or profession to which he can look for economic and social adjustment. This may mean help in securing employment and friendly after care similar to that given discharged hospital patients. In case of relapse the individual should be taken back for further treatment. If several experiments have failed the individual should be considered for permanent state custody as socially incurable. Prisons can thus render a great social service. They need not be vile filthy headquarters for compulsory training of less experienced criminals by those with ample experience. They need not be institutions where mentally maladjusted individuals become even more maladjusted. They need not be temporary stopovers where an individual at best merely takes an enforced vacation between periods of socially harmful activity.



**The Prevention of Delinquency and Crime** The problem of crime prevention, insofar as it depends on the treatment of prisoners has been discussed. In a general way treatment demands the recognition that criminals are human beings that they must be treated dispassionately as maladjusted individuals that courts should concern themselves with criminals and not with crimes and that the future of the criminals and the welfare of society rather than a sentence, should be the aim of imprisonment. A program of prevention, however is broader than the treatment of the apprehended or even acknowledged offender. It reaches back to the causal factors which we had occasion to consider earlier in this chapter.

So far as hereditary factors are concerned, little can be done. Except by means of eugenics, biological factors offer little hope of improvement. But as long as we are not convinced that all individuals with misshaped skulls and ugly faces are a potential menace to their communities we cannot advocate eugenics as a method of treatment. As for inherited behavior tendencies it is increasingly recognized that criminal tendencies are not inheritable. The improvement of an individual's health and of his physique, however, is possible. This requires effective social work and is merely one of the aspects of social and psychological adjustment requiring outside help.

Economic factors are of outstanding importance as previous chapters have shown. Conditions which make normal economic living possible also lead to normal mental adjustment. Workers employed at substandard wages or altogether unemployed youth not prepared for matrimony because of the long stairway of adjustments needed to become established economically, and the use of gambling devices as a way out of harsh economic competition are a menace to the community in more than one way. Incidentally, they facilitate criminal careers. Fascist plans to reduce incomes or to keep them stationary must be considered stimuli not hindrances to crime. Relief measures are essential, if we recognize that there always are unemployables. Government projects are extremely vital as the reduction in certain types of crimes has shown during the depression. Most important are plans for the employment of employables at no less than minimum wage levels. Security in a democratic society

is a most important means of crime prevention To the extent to which there is no security there is likely to be a rise in criminality

Regional (ecological) factors in criminality are closely tied to the economic factors After all delinquency areas are areas of disrupted community ties primarily due not to mobility but to poverty and substandard housing facilities Blighted areas require legislation to raze all uninhabitable houses, and to substitute adequate private or public housing which can be rented at reasonable cost A democratic republic cannot afford to have people poorly housed clothed and fed But, in addition to housing needs in blighted areas, we must have proper provision for public recreation Leisure time activities must be encouraged and properly directed Status giving group activities, especially appear important A boy who has status in legitimate group activities such as boy scouting, does not seek status in criminal gangs Activities which help to develop talent are no less important A boy who has his talents recognized and who can hope for their utilization in the future does not seek to rob and kill for distinction or even for profit

Familiar factors loom large in the causes of crime Broken homes, mismanaged homes homes torn by conflict are curable to an extent Parental education demands a new type of schooling, to which we must begin to give increasing heed Adult education because of our population trends pointed out in an earlier chapter must enter a new phase of development Parents must be taught the arts of life of peaceful adjustment, and of psychological child care Perhaps parent teacher groups ought to begin to play a more important role than they have played until now It is not unreasonable to expect that parents be required to attend at regular intervals, sessions designed to acquaint them with the problems of youth, and that teachers or principals be required to seek contact with all parents of problem children In regions in which contacts between school and home are promoted, delinquency is noticeably on the downgrade

Finally we come to the psychological causes of crime The suggestions along this line can be stated rather briefly We must recognize the need for early psychological, psychiatric, and sociological diagnosis in the life of every child Mental conflicts should

be detected at an early age and some attempt made to relieve them. Above all, the child's life must be given proper direction by affording him vocational guidance at the beginning of the adolescent or even preadolescent period. Nothing so stabilizes a young individual as the certainty that he will have a role to play in the life of the group, a role that will bring him security as well as recognition.

**Delinquency and Crime in War and After** It is generally assumed that war brings in its wake intensified problems of delinquency and crime. The disruption of normal routines of living, the break up of homes through the increased employment of mothers and the absence of large numbers of young men are among the factors which in time of war may be presumed to underlie an upward trend in juvenile delinquency. The actual facts about delinquency in wartime are more difficult to determine. The evidence for the frequently heard assertion that there is a marked increase in juvenile delinquency though not uniform or entirely convincing, is found in the statistics of the police and juvenile authorities of a number of cities and some state institutions. Other cities and states however, do not support this alleged trend. The experience of the last world war is similarly inconclusive as far as the United States is concerned, although European countries including England, showed substantial increases. The statistics of juvenile delinquency in England for the present war show decided upward trends.<sup>1</sup>

Considering the large scale migration of people in wartime and the consequent uncertainty as to the statistical basis of crime rates, it is understandable that careful students of the problem of crime hesitate to make sweeping generalizations about war time fluctuations in crime. Furthermore, the multiplication of wartime laws and regulations together with the effect of war conditions upon law enforcement and the reliability of criminal statistics make comparison with pre war periods hazardous. The evidence of the first World War suggests a decrease in the number of convictions for some crimes notably sex offenses murder manslaughter, and assaults, and an increase in the number of

<sup>1</sup> For a careful analysis see Edwin H. Sutherland *Crime in American Society in Wartime*. Edited by William F. Ogburn. University of Chicago Press. Chicago 1943. pp. 185-206.

convictions for thefts. An increase in the number of convictions of women for sex offenses has been reported from a number of cities in the United States in the present war. White collar crimes especially fraud, profiteering, and other forms of *financial* corruption were brought to light in great numbers during the last World War.<sup>1</sup> Despite the valiant efforts of some Congressional Committees only a few convictions of corruption at the expense of the government were obtained. It is too early to compare in this respect the experience of the present war with the last.

On the basis of our knowledge of events in the postwar period following 1918, an increase in crime after the present world war may be expected. In view of the dislocation of people including about ten million members of the armed forces and at least twice as many civilians, the postwar period may involve social disorganization on a vast scale unless resolute measures are taken to aid the returning veterans and the demobilized war workers and their families in readjusting themselves to wholesome and stable community living. That this impending problem is being recognized as of primary significance is indicated by the attention given it both by government and by private agencies.<sup>2</sup>

#### TERMS TO BE UNDERSTOOD

crime	rate of delinquency
delinquency	probation
atavism	indeterminate sentence
individual vengeance	pardon
group vengeance	suspended sentence
blood revenge	commutation of sentence
blood fines or redemption	parole
public jurisdiction	parole prediction
expiation	penal reform
retribution	recidivism
deterrence	reformation
delinquency areas	mental conflict

<sup>1</sup> For a careful analysis see Edwin H. Sutherland, *Crime in American Society in Wartime*, Edited by William F. Ogburn, University of Chicago Press, Chicago, 1943, pp. 185-206.

<sup>2</sup> *State Government*, November, 1943, pp. 230-232, *Juvenile Delinquency in Wartime*, Vol. 16, No. 10.

## QUESTIONS FOR DISCUSSION

- 1 Are sex and age differences in criminality proof of the biological causes of human behavior? Why or why not?
- 2 In view of Hooton's and Goring's researches what would you say is the present attitude toward Lombroso's theory?
- 3 Why is it incorrect to say that the intelligence of convicts shows low intelligence to be a factor in crime?
- 4 H. L. Mencken once suggested that we punish pickpockets by cutting off their index fingers. What do you think of the suggestion?
- 5 Flogging is an old method of punishment. What do you think of using it as a means of crime prevention? Is it likely to be more or less effective than locking individual offenders in small steel cells?
- 6 What is your attitude on the value of the indeterminate sentence? Does it seem to you more scientific or less than the method of letting a judge fix the term of imprisonment?

## FOR FURTHER STUDY

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## CHAPTER 3

### THE FAMILY

The fact of social change referred to in the initial chapter of this work has not left the institutions of marriage and the family unaffected. Indeed, the impact of changing conditions is perhaps more marked upon these basic institutions than upon any others.

Despite the number and intensity of attacks upon the family in recent times it is still the matrix out of which personality develops. The family provides the first institutional control and because it stamps the new individual with the culture of his group it insures the continuity of collective existence. These considerations make it imperative that we try to understand what is happening to the family in our day, and what the future might portend.

It is proposed in this chapter to examine, first the conditions which are thought to have given rise to domestic institutions and which might condition their continued existence, second the efficacy of the family, third the changing functions of the family and finally some of the major problems of the family.

**Marriage and the Family Defined** Before we launch into a discussion of these topics it might be well for us to understand what is meant by the term 'family' and the term 'marriage'. By family we mean a system of relationships existing between parents and children. For a family to exist there must be at least two generations present. The simplest family consists of one parent and one child who need not be biologically related at all, for responsible adults (even unmarried adults) may adopt children and thus establish families. Childless marriages, strictly speaking, do not constitute families.

The families of the preindustrial epoch were frequently "compound" or "augmented" families, that is they included the wider kinship circle—grandparents, uncles and aunts, and cousins.

The shift to an industrial social organization brought with it the small family system which includes only the parents and their children. Large cities militate against the persistence of large family systems for houses are small, rents and living costs high, and in the city apartment there are only limited facilities for the care of the aged and the sick.

The term marriage refers to a more or less permanent union between male and female. Such unions may assume any of several forms. The accepted pattern in Western civilization is monogamy, that is, marriage with one person at a time. In other cultures some form of polygamy or plural marriage is often the accepted form. For example, polyandry (one wife with many husbands) is the accepted form among certain Eskimo tribes, whereas many Oriental peoples practice polygyny (one husband with many wives). The student should realize, however, that there is no best or right form of marriage; that each form has emerged to suit the conditions and needs of a particular people; and that the form which works well for one people will not necessarily suit all other peoples.

**The Origin and Antiquity of the Family** How and when did the family and marriage originate? The answers to these questions for the most part lie buried in the unwritten records of the past, but whatever light has been thrown upon them by research may have a bearing upon our estimate of the family's ability to survive the disintegrating influences of the general and rapid social changes of our time.

Anthropologists can come to no general agreement as to how and when marriage and the family originated. The older scholars tended to vacillate between a patriarchate and a matriarchate theory — that the family emerged under the dominance of the father in one case and of the mother in the other case. Preceding the emergence of a definite family organization, however, it is thought that there existed a period of communism of women, although there is no general agreement on this point.

Modern students of the problem of the origin of the family have preferred to forego speculation on primitive forms in favor of an examination of the forms which the family has assumed among our contemporary primitives. They are agreed that all nature peoples today have some form of family organiza-

tion ranging from the four or five member families of the Maoris to the clan families of the Iroquois Indians. Among some African tribes the family does not exist as a legal institution, but there is a very definite family organization within each of these tribes — which suggests that even in the primitive horde as described by early anthropologists families might have existed. The graves of Neanderthal and other early men have yielded evidences of funerary offerings suggestive of family influences. It is an interesting fact in this connection that zoologists report separate families living within animal herds.

The families of our contemporary primitives contain all the essentials of the families of civilized peoples: there is cohabitation of certain socially qualified persons and a corresponding taboo upon sexual unions among others not so qualified; there is some degree of seclusion; there is a division of labor; and the members assume distinct roles.

**The Efficacy of Marriage and the Family** How well has the family worked in the satisfaction of basic human needs? What ever the time and form of the original family, one thing is certain: it arose on the basis of group trial and error and in response to basic human needs. At least two such needs are evident: the need for satisfaction of the sex appetites and the need for providing an environment suited to the rearing of children. It is in the fulfillment of this latter need that the partners to a sex union continue to live together, so that 'marriage is therefore rooted in the family rather than the family in marriage'.<sup>1</sup>

That the family is continuing to satisfy basic needs rather successfully is evident from a glance at the following table, which shows that marriage is still quite popular with the American people.

The slight decline in the number of marriages per 1000 of the population since 1927 probably reflects stringent economic conditions and is therefore perhaps indicative of a cyclical (short time) rather than a secular (long time) trend. The table does make clear, though, that the popularity of marriage among Americans has declined but little despite the talk about the increasing divorce rate.

<sup>1</sup> Edward Westermarck *History of Human Marriage* 3d ed. The Macmillan Company New York 1929 pp 19 ff. By permission of the publishers.



A comparison of marriage rates in the United States with those of countries having a similar population composition as regards age and sex is reassuring. In 1925 there were in the United States 10.35 marriages per 1000 of the population. The corresponding figures for such stable countries as Great Britain and Germany were 7.7 and 7.1, respectively.

TABLE V  
NUMBER OF MARRIAGES PER 1000 OF THE POPULATION  
FOR SPECIFIC YEARS 1887-1931

<i>Year</i>	<i>Number pe 1000 P ul t on</i>
1887	8.67
1900	9.32
1910	10.28
1920	11.96
1925	10.35
1926	10.32
1927	10.16
1928	9.87
1929	10.14
1930	9.15
1931	8.55

Students of the family have been insisting these many years that this basic institution still functions with a high degree of efficiency — which is somewhat surprising in view of the high mortality rates of our religious, economic and industrial institutions and in view of the terrific obstacles which the family has had to surmount, such as powerful sex urges, human selfishness, and the human tendency to dodge responsibility. To mention only a few.<sup>2</sup> In this connection it is well to remember, too, that institutionally reared children are considered inferior to home reared children from the standpoint of social adjustment and imagination.

### **The Changing Functions of Marriage and the Family**

The functions performed by marriage and the family vary with different cultures. Among the Trobriand Islanders marriage

<sup>1</sup> Bureau of the Census *Marriage and Divorce* Washington D. C. 1932

<sup>2</sup> E. B. Reuter and J. R. Runner *The Family* McGraw-Hill Book Co. New York 1931 p. 63

and the family are primarily devices for conferring social status upon individuals. Among the Chinese marriage and the family have the function of perpetuating the family line and the family tradition. The American colonial family, among other things, was organized to wrest a livelihood from the soil.<sup>1</sup> The functions of the family then vary with time and place so that the motives for the establishment of a family in an earlier day may no longer be adequate in a later day. Indeed, if marriage and the family come to serve no necessary function, their disappearance as social institutions would seem to be assured.

The change from single dwellings in small communities to tenements and apartment houses and furnished rooms in large cities, the change from a domestic industry to the factory system, the rise in the status of women and their employment in industry — all these changes have made the retention of many of the historic functions of the family difficult. Of the historic functions of the family — the regulation of sex activities, the care of the sick, such domestic functions as cooking and the washing of clothes, the educational, religious, protective, and affectional functions — of these only the first and the last remain to any extent, and even these have changed in the sense that they have undergone an intensification, as we shall have occasion to note later.

The family has been surprisingly sensitive and responsive to changing conditions. It is this sensitivity and responsiveness which might, in the final reckoning, insure its persistence. The same forces which have dispelled many of the functions of the family have operated to make the psychological functions increasingly important.

As our culture becomes more and more complex, and our social contacts more and more impersonal, the individual becomes decreasingly dependent upon the esteem or disesteem of his fellows. Inasmuch as we are still reared in a familial environment, the chief characteristics of which are intimacy and personal recognition, sympathetic response becomes a basic psychological need. This need for recognition, response, and affection was at one time mediated by such agencies as the church and local community as well as by the family. With the shift to secondary

<sup>1</sup> See Rex M. Johnson, *Motives in Marriage*, *Social Forces* 17, 249-255, Dec. 1938, for a brief but meaty discussion of this point.

and impersonal contacts the family alone tends to remain as the only agency capable of meeting our psychological needs effectively. It is in the family that we are most sure of finding intimate companionship and recognition. It is in the family that affection and intimate response will most likely be forthcoming. It is in the family that we can take off our masks and let down and be ourselves, so to speak. It is in the family that we can find escape from the monotony and superficiality of a life which travels on an impersonal level.

It is this expansion in the importance of the psychological functions of the family which makes intelligent selection of marital partners imperative. If people are marrying more for personal satisfaction than they ever were before, as Havelock Ellis, Bertrand Russell and others are telling us, how necessary that they be well matched if stability in family relationships is to be achieved.

**Some Problems of the Family** Students of history are well aware that the family in Western cultures has never been without its problems. In the transition period in which we live, however, there is reason to believe that familial problems have increased both in number and intensity. So many new problem areas have appeared that certain students have despaired of the family's survival.

*The Declining Birth Rate* Mass childlessness is a phenomenon of the twentieth century. On the basis of an examination of the census data for 1930, Ogburn has estimated that no child families make up 53.3 per cent of all Chicago families, and an additional 26.5 per cent were one child families. The comparable figures for the rural population were 20.2 per cent and 22.3 per cent respectively.<sup>1</sup> If we need approximately three children per family merely to keep the population at its present level, then it is clear that the urban families are not contributing their share of the population. We are becoming increasingly dependent upon the rural families for the maintenance of the nation. If the city population, due to selective influences, is superior to the rural population, then the childlessness of urban families becomes a serious problem.

<sup>1</sup> William F. Ogburn, *The Family and Its Functions*, *Recent Social Trends in the United States*, McGraw Hill Book Co., 1933, p. 684.

That the declining birth rate is not merely a recent trend is to be inferred from the census reports. The Bureau of the Census data show a decline in the size of the American family from an average of 5.6 persons in 1850 to 3.4 persons in 1930.

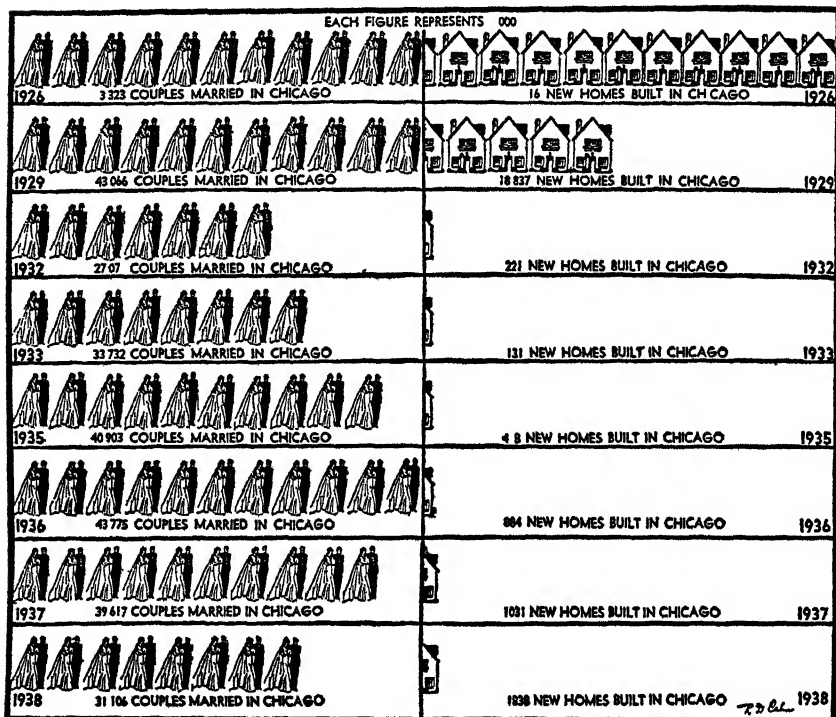


FIG 3 NUMBER OF MARRIAGES IN CHICAGO COMPARED WITH NUMBER OF NEW HOUSES AND APARTMENTS CONSTRUCTED 1926-1938

From *Chicago Sunday Tribune* April 23 1939

*Housing the Family* A large proportion of our urban families are poorly housed. Squalor and dilapidation, congestion and filth, make up too large a picture of the average American metropolis. A tour of any large city will be enough to convince anyone that the much heralded federal housing programs are inadequate by themselves to meet the need for housing. Figure 3 shows that in Chicago the construction of new homes lags far behind the number of new families every year. The chart takes no account of the houses condemned and torn down every year.

Perhaps the most thorough investigation of the housing situa-

tion in the United States was that conducted by the Works Progress Administration during the years 1934-1936. This study which included more than two hundred urban areas scattered over the entire country, revealed that a large proportion of the dwellings available for the use of the low income groups are definitely substandard as judged by the absence of sanitary facilities, unsafe condition of the physical structure, overcrowding (more than one person per room) and the presence of extra families (doubling up). In summary the survey revealed that of all the dwelling units studied 15 per cent had no private indoor flush toilet, 20 per cent had no bathtubs or showers, over 40 per cent lacked central heating equipment, 17 per cent were overcrowded, about 5 per cent had extra families, 16 per cent (exclusive of New York City) were in need of major repairs or were unfit for use, about 40 per cent were in need of minor repairs, and only about 40 per cent were rated as good.<sup>1</sup>

In an investigation of the housing situation in Chicago the Chicago Housing Authority was surprised to find that many families with moderate incomes were living in slum quarters simply because they could find no others within the limits of their incomes. Nor was the Chicago Real Estate Board able to find quarters for families in this group at a price they could afford.<sup>2</sup>

*Family Incomes* Social workers are inclined to rank friction over money as one of the chief causes of domestic discord, and it is true that domestic discord tends to increase in time of economic stringency.<sup>3</sup> These considerations lead us to ask: Is the income of the American family adequate for its support? The evidence suggests that it is not. In a study on *Income and Standards of Unskilled Laborers in Chicago* Leila Houghteling revealed that two thirds of the nondependent families involved in her study were living on incomes below a standard (\$1588 per year) set

<sup>1</sup> Works Progress Administration, *Urban Housing: A Summary of Real Property Inventories Conducted as Work Projects, 1934-1936*, U. S. Government Printing Office, Washington, D. C. 1938, pp. 4-8.

<sup>2</sup> The Chicago Housing Authority, *Manager and Builder of Low Rent Communities* (pamphlet, 1937), pp. 8-10. See pp. 11 ff. for information on overcrowding.

<sup>3</sup> For a more detailed discussion of this point see J. M. Reinhardt and G. R. Boardman, *Insecurity and Personality Disintegration*, *Social Forces* 14, 240-249, Dec. 1935; and Ruth Shoule Cavan and Katherine Howland Ranck, *The Family in the Depression*, The University of Chicago Press, Chicago, 1939.

up by the social agencies of Chicago for dependent families <sup>1</sup> this was before the depression. Some idea of how closely the income of the American family approximates this budget for dependent families may be gleaned from the following chart. Of course some allowance must be made for changes in price levels since the formulation of the standard budget.

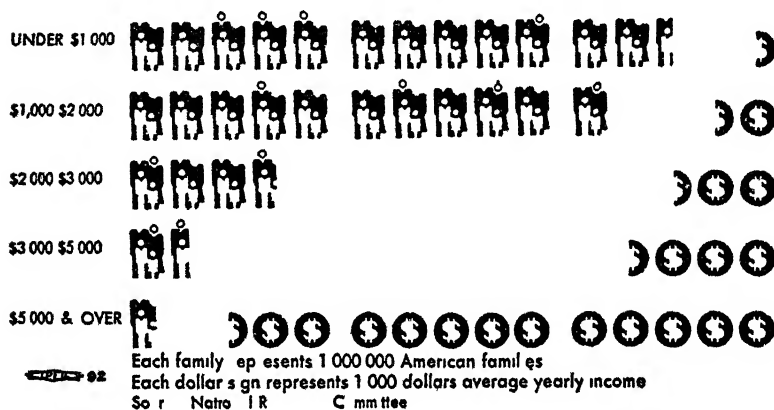


FIG. 4. AMERICAN FAMILY INCOME 1935-1936

Supplied by the American Federation of Labor

Figure 4 tells us that in 1935-1936 approximately four fifths of all American families had incomes of \$2000 or under two fifths had incomes below \$1000.

Recent studies suggest that the poverty of millions of American families must be ascribed to causes other than thriftlessness and shiftlessness. Food, clothing, and shelter alone take three fourths of the dollar of the average family. Thus it is almost impossible for most families to save a cent. More than this, two out of every three Chicago families having incomes below \$1000 a year spend more than they earn <sup>2</sup>. These findings gain partial confirmation from other data which indicate that living costs are consistently keeping abreast of wage gains <sup>3</sup>.

Perhaps the most authoritative study of family incomes in the

<sup>1</sup> Cited by Meyer F. Nimkoff, *The Family*, Houghton Mifflin Co., New York, 1934, p. 299.

<sup>2</sup> See Maxwell Stewart, *How We Spend Our Money*, Public Affairs Committee, New York, 1938.

<sup>3</sup> These data were gathered by the Northwestern National Life Insurance Company and summarized in *The Chicago Daily News*, Jan. 3, 1939.

United States is that made by the National Resources Committee which presents data to show that approximately 80 per cent of all American families had incomes of \$2000 or less in 1935-1936. The following table presents a more accurate picture of income distribution among these families

TABLE VI  
NUMBER AND PERCENTAGE OF FAMILIES WITH AN ANNUAL INCOME OF  
\$2000 OR LESS BY INCOME GROUP

<i>Income</i>	<i>No. of Families</i>	<i>% Total</i>
Below \$500	4 216 000	14.3
\$500-\$1000	8 088 000	27.5
\$1000-\$1500	6 762 000	23.0
\$1500-\$2000	4 266 000	14.5
Totals	23 332 000	79.3

**The Family in Rural and Urban Life** Enough has already been said to suggest that the family invariably reflects the type of culture of which it is a part. It should be expected then that the rural family will be somewhat different from the urban family and such is indeed the case. Just as rural society tends to be more stable than urban society so is the rural family more stable than the urban family. Separations are less frequent the divorce rate is substantially lower and marriage occurs earlier and more frequently. The reasons for these differences are to be found in the role which the family plays in rural social life. On the whole the rural family has a more central place in the life of the individual and the community than does the urban. The rural family and particularly the farm family is still pretty much of an economic unit in a productive sense. Each member is assigned a definite role and a share in the responsibility of production. Each must contribute in some way to the welfare of the family. Moreover members of rural families participate more and more fully in common home activities. More time is spent in the home especially in the evenings and on week ends. The daily round of activities brings the members of the family

<sup>1</sup> National Resources Committee *Consumer Incomes in the United States* U. S. Government Printing Office Washington D. C. 1938 p. 3

into constant cooperative contact with each other. Recreational activities tend to be more spontaneous and noncommercialized. The baser forms of commercialized recreation and vice which in the urban environment go so far to provide the opportunities for sex liberties and kindred forms of behavior detrimental to marital and familial adjustment rarely exist for the ruralite. All in all, and from the standpoint of family stability at least these things more than offset such defects of the rural familial environment as the scarcity of social and medical services, the narrowing effect of such great dependence of the personality upon one social institution, and the absence of conveniences.

**Family Disorganization** By family disorganization is meant a breakdown in the unity of the family. The unity of the family might be destroyed either by death of one or both parents or by domestic discord which, if severe enough, might lead to separation, desertion or divorce. The removal of a parent by death does have serious consequences for the children inasmuch as the degree of parental supervision and care is reduced considerably. However, there are some who contend, and on the basis of research too, that the home broken by death is not likely to be nearly so disastrous in its effect upon child personality as was once believed, and that the home broken by domestic discord is to be accounted the more dangerous.<sup>1</sup> For example, E. H. Shideler found that whereas children from homes broken by divorce represent but 2.2 per cent of all children under fifteen years of age, boys from such homes constitute nearly 14 per cent of the population of reform schools. This means that when allowances are made for the higher delinquency rate of boys, children of divorced parents contribute at least four times their quota to the delinquent population.<sup>2</sup> The child in the home broken by death is not faced with the continued uncertainty and insecurity which confronts the child in the home disrupted by discord.

The extent of family disorganization can only be estimated

<sup>1</sup> Mabel Elliott, *Correctional Education and the Delinquent Girl*, Harrisburg, Pa., 1928, pp. 26-28; Clifford Shaw and Henry McKay, *Social Factors in Juvenile Delinquency*, pp. 261 ff.; Edwin H. Sutherland, *Principles of Criminology*, 3d ed., 1939, pp. 158-160.

<sup>2</sup> Family Disintegration and the Delinquent Boy in the United States, *Journal of Criminal Law and Criminology*, VIII, 715 ff., Jan., 1918.



On the basis of the census of 1910 it seems that about one fifth of all homes with children were broken in some way that year 16 per cent of them by death and 33 per cent by desertion or separation. More recently, W F Ogburn has estimated that the proportion of broken homes in the incomplete families group (wife forty four years old or younger) is about one in every seven or eight families<sup>1</sup>. About one in every six families with children loses one parent by death.

Desertion, the irresponsible departure of a parent from the home has been erroneously called the 'poor man's divorce'. It is true to be sure that desertion is more frequent in the low income group, but the evidence suggests that it is a moral holiday rather than a divorce inasmuch as the huge proportion of the deserters return to their families. Among the causes of desertion marital discord interference of relatives differences in cultural backgrounds of the mates the influence of companions, and racial and national attitudes toward marriage stand out as the more important. In the United States the desertion rate for Negroes is substantially above that of the whites but since the Negro is also massed in the lower income groups, his greater desertion rate would appear to be a function of socioeconomic status rather than of racial peculiarity. From the standpoint of immediate family welfare neither separation nor divorce is as serious as desertion for in separation and divorce there is usually some provision for the care of dependents.

Divorce is the term applied to the legal termination of a legal marriage. The divorce rate in America has been increasing steadily since the end of the Civil War. The increase since 1887 has been approximately 3 per cent per annum. Nimkoff points out that from 1887 to 1932 the population of the United States increased 211 per cent the number of marriages also increased 211 per cent but the number of divorces jumped 610 per cent<sup>2</sup>.

It is often inferred that inasmuch as we have approximately 16 divorces for every 100 marriages performed in any given year the chances of success in marriage are only about 6 to 1. Really, the chances may be much greater for some marriages undone in any given year were contracted in previous years. A better way to compute the chances of success in marriage therefore

<sup>1</sup> Nimkoff *op cit* pp 698-690

<sup>2</sup> Nimkoff *op cit* p 436

would be to find the ratio between the number of marriages contracted in a given year and the number of those same marriages which were undone by divorce

Whereas it is true that urbanization appears to make for divorce (the urban rate is twice that of the rural), a number of factors are operating against divorce. The number of divorces decreases, for example, as the number of children in the family increases and also as the marriage increases in duration. These facts indicate that divorce is more a problem of marriage than of the family.

Does the increasing divorce rate indicate an intensification or increase in domestic discord? Probably not! It is more likely a reflection of the general weakening of religious and ethical controls and of the liberalization of ecclesiastical attitudes. Of course, domestic discord in some form or other is basic to divorce but such friction, like the poor, has always been with us. What we want is the greatest degree of individual happiness consistent with the social welfare and for many people divorce is one means of achieving this end.

**Family Reorganization** It would not be wise to conclude this discussion of the family without some reference to the forces and movements directed toward the security and stability of the family. In no society is institutional change a one way process and so in our own country much is being done to counteract the disintegrating influences which operate upon the family.

On the economic front the growing system of pensions represents a signal advance. The old age pension systems which now operate in many states are designed to keep families intact to the end. The mothers' pensions paid by some states do much (where the amounts paid are adequate) to preserve the home broken by the death of the father, and in some states by desertion or imprisonment of the father. This promising movement was initiated as a result of the White House Conference on Child Health and Welfare, 1909, which formulated the principle 'The home is the best place to rear a child — preserve it!'. Since that time all states but two have adopted some system of mothers' pensions, although in only a few of the western states are the amounts paid sufficient to preserve the home from disintegration.

Prior to the depression a few American manufacturers adopted the plan of paying wages to married workers on the basis of the size of the family and although the depression forced a cessation of most of these practices it is probable that they will be reinstated voluntarily in the not too distant future

On the psychosocial front the stabilizing influences are even more promising Already, much competent work is being done by the case workers of the many family welfare societies and other social agencies and the hope is general that this sort of service might be expanded

Courts of Domestic Relations are as yet in their experimental stages, but already some of them are making noteworthy contributions to family stability The Court of Domestic Relations of Dayton, Ohio through its Reconciliation Department has been able to solve about 20 per cent of the cases of domestic friction which come to its attention This record is probably much higher than the average for such courts but improvements in efficiency wait upon the improvement in the training of the personnel and in the technique used

The Family Guidance Clinics of European countries do much the same kind of work as the better courts of domestic relations The establishment of such clinics in this country is getting under way<sup>1</sup> Their practice is to provide discordant mates with opportunities for medical psychological and psychiatric examinations upon the basis of which advice and counsel are given

Legal attacks upon the problem of family disorganization follow the pattern of improving the legal safeguards of marriage Such bits of legislation which result in the abolition of common law marriage the raising of the legal age for marriage medical certification for marriage as is provided in the law of Illinois for instance, the requiring of advance notice of marriage and the revision of divorce laws represent worthy contributions to family stability

Finally, a preventive approach to the problem of family disorganization is not altogether impractical even though little has been done in this direction as yet The emphasis here would

<sup>1</sup> For a summary of this approach see Emily Hartshorne Mudd *Youth and Marriage The Annals of the American Academy of Political and Social Science* 194 111-118 Nov 1937

be upon the preparation of youth for the problem of marriage and family responsibility. This means getting at people before their marital choices are made and stressing the importance of such things as sound physical and mental condition and a properly disciplined emotional nature, for successful marriage. The efforts of such students as Burgess and Cottrell<sup>1</sup> to devise ways and means for the prediction of success or failure in marriage are also worth noting in this connection. These might yet make a genuine contribution to the stability of marriage and the family should they achieve the requisite degree of refinement and acceptance.

### SOME PROBLEMS OF YOUTH

**What Is the "Youth Problem"?** The essential problem of youth today is a lack of adjustment to a highly complex socio-economic environment. When our parents were young the techniques of adjustment were still fairly well standardized and effective. Our fathers needed little education; they were almost sure of jobs when they finished eight or ten grades of school and they married early without any fear of economic insecurity. We however are in an age of transition. The social stability our parents enjoyed is no longer with us and we are finding it increasingly difficult to find a place in society. Our youth are confused and bewildered and in many cases apathetic. They are browbeaten and scolded by the moralists and the uplifters for their participation in the forms of recreation which an older generation devised. It is little wonder that young people are so often rebellious and disgruntled to the extent of becoming a youth problem to their elders. Thousands of books, monographs and magazine articles have appeared in recent years on the Youth Problem.<sup>2</sup> In this section we shall discuss a few interdependent aspects of the youth problem laying stress upon population trends, the sociological aspects, and finally closing with a brief discussion of the 'Youth Movement'.

<sup>1</sup> Ernest W. Burgess and Leonard S. Cottrell *Predicting Success or Failure in Marriage* Prentice Hall, Inc. New York 1939.

<sup>2</sup> See Louise Arnold Menefee and M. M. Chambers *American Youth: An Annotated Bibliography* American Council on Education Washington D. C. 1938.

**Population Trends** For some time America has experienced a rather rapid and steady decline in its birth rate. In 1800 the white birth rate was 55 per 1000 of the population. By 1938 the rate had dropped to 16. In 1955 there were a few more than twenty one million Americans between the ages of sixteen and twenty four. It is estimated that this age group will reach its peak by 1944 after which there will be a steady decline because of the falling birth rate. Table VII shows that already the proportion of youth is smaller than it was some years ago.

TABLE VII<sup>1</sup>

## AGE TRENDS IN THE UNITED STATES

THE CHANGING PROPORTION OF EACH AGE GROUP 1850-1980

1850	1900	1940	1980 (Estimated)	
5%	over 60	10%	20%	4 times as many old people
43%	20-60	55%	55%	More people of working age
52%	under 20	35%	25%	One half as many children

Some far reaching implications grow out of these population facts as they relate to the youth problem. In the first place there are fewer children enrolled in the elementary schools. In the second place the peak enrollment in the secondary schools will be reached under normal conditions about 1944. Finally inasmuch as the population is becoming more adult the ratio of employables to the total population is increasing steadily.

The urban birth rate is decreasing much more rapidly than the rural. In fact, the cities are not producing their quota of the population and must constantly draw upon the country to re-

<sup>1</sup> National Forum chart

plenish their numbers. It is clear that those sections of the country which make the greatest contribution to the population are economically speaking least able to provide adequate programs for the care and education of youth. In other words, the burden of rearing children falls most heavily upon our rural population. This fact has an important bearing upon the problem of educating and training youth for employment.

**Youth, Sex, and Marriage** In recent decades many forces have operated to delay the age of marriage. The shortage of jobs has made marriage and homemaking extremely hazardous while at the same time there has been a progressive lengthening of preprofessional and professional courses of study — a fact which has also contributed to delayed marriage. That this trend has not been without its psychological, physiological, and sociological effects is attested by the recognition given these aspects of the problem of delayed marriage in recent literature.

While forces have been active to prolong the age of marriage there has been no decrease in the sex stimuli presented youth by the variant forms of recreation, commercialized and noncommercialized. In the face of these considerations we should not wonder if sex freedom were to increase and indeed there is some evidence to indicate that it has.<sup>1</sup>

The Freudian psychologists have made it abundantly clear that complete sexual repression may lead, in certain cases, to mild forms of mental and nervous disorders. On the other hand, sexual freedom is also fraught with its hazards inasmuch as it militates against normal marital adjustment. Dr. Roy Dickerson, a noted authority on the sex problems of youth, pointed out in a recent lecture that successful marital adjustment involves the ability to make contact at three points in the person of the other: the physical, the mental, and the spiritual. Petting and other forms of illicit sex behavior tend to destroy, or at least blunt, the sensitivities inasmuch as participation is on the physical level only. The inevitable feeling of guilt and shame which accompanies a violation of the sex mores prevents participation on the spiritual level and impedes later marital adjustment. Terman's findings are significant in this connection. In his

<sup>1</sup> For a review of this evidence see Una B. Sait, *New Horizons for the Family*, The Macmillan Company, New York, 1938, pp. 541-548.

study of *Psychological Factors in Marital Happiness* Terman found that the husbands and wives who had engaged in adolescent petting did not rate their marriages to be as successful as did those who did not participate in such behavior <sup>1</sup>

On the sociological side of the ledger the case against sexual freedom is no less strong. The notion that illicit sexual relations are secret can be entertained only by the naive. Boys get much ego expansion out of boasting of their conquests as most college students well know. The desire to make new conquests and the desire for intragroup recognition is perhaps most responsible for the free baiting of girls' names in the men's lounges <sup>2</sup>

Sex promiscuity in all of its forms may and often does have serious effects upon health. In addition to the neurotic symptoms which may follow from the building up of the nervous tensions by sex play there is still the possibility of venereal diseases. Says Dr. Thomas Parran of the United States Department of Public Health:

We know today that syphilis is primarily a disease of youth—that more than half of all those whom syphilis strikes it strikes before the age of 25—that more than a fifth are infected with the disease before they reach the age of 20—and that more than 11 000 per year are infected before the age of 15. We know that in addition to these figures for acquired infections 60 000 babies are born in the United States every year with congenital syphilis—thus our rate for congenital syphilis alone is twice as high per thousand of our population as Denmark's rate for syphilis of all types.

Every year 518 000 new cases appear for treatment. Every year 598 000 advanced cases which had never before had medical treatment report for first treatment <sup>3</sup>

It might be well to remember that the figures cited by Dr. Parran are for one venereal disease only, and that when all are included the picture is far worse.

The student will doubtless be interested in the fact that statistical data show that men tend to become infected with venereal disease prior to marriage, women after marriage. The estimated rates of infection for the United States are 4.86 per thousand of

<sup>1</sup> Lewis M. Terman, *et al.* *Psychological Factors in Marital Happiness* McGraw Hill Book Co. New York 1938 pp. 238-240.

<sup>2</sup> Geraldine Courtney, *Immorality in Our Schools* *Forum* 98 129-133 Sept. 1937. A good discussion of this point.

<sup>3</sup> Thomas Parran, *Syphilis: A Public Health Program* *Science* 87 149-151 Feb. 1938.

the population for women, 10 01 for men and 7 46 for both sexes together

Young people are often misled into believing that the presence of venereal disease in a person can be detected by any of a number of simple popular tests. The truth is of course, that its presence can be detected only by careful laboratory tests by a competent specialist.

The above considerations indicate that young people could be served (and could serve themselves) more effectively by the provision of such recreational activities as hiking and other forms of group activities to take the place of the sex stimulating activities common to some forms of commercialized recreation.

Informed people recognize the sex impulse as a normal appetite. If this basic drive cannot be satisfied in accordance with socially accepted patterns then an increase in sex freedom must be accepted as inevitable. No amount of moralizing and criticism of youth will solve the problem of delayed marriage. It is the duty of every society to recognize the basic needs of its members and to provide institutions to control their gratification. This is what every society does of course but when conditions change rapidly some time must elapse during which trial and error responses are made before new and adequate institutions are evolved. Companionate marriage, trial marriage and subsidized marriage as these have been tried and proposed from time to time belong to the period of social trial and error of our age.<sup>1</sup>

**The Youth Movement** It is the attempt on the part of youth groups to achieve some sort of functional relationship to the prevailing culture that has given rise to the so called Youth Movement. Inasmuch as modern youth wish to be creators of culture in their own right, they are not accepting the practices, beliefs, and standards of an older generation as docilely as did their fathers. The Youth Movement, then, refers to a conscious, organized effort on the part of youth groups to discover ways and means of adjusting youth to the complexities of our culture. As yet there is no single movement or organization in America which includes most of its youth and which engages in the study

<sup>1</sup>See for example G. Parkhurst, "Shall Marriage Be Subsidized?" *Harper's Magazine*, Nov. 1937, pp. 570-578.



of the problems of youth. The nearest approach to such an organization is the American Youth Congress which is a federation of several youth organizations. Its basic principles are

the maintenance and extension of civic rights racial and religious liberties opposition to militarism and war the betterment of economic conditions of American youth through the support of the trade union movement and social legislation <sup>1</sup>

Apart from the activities of the American Youth Congress, the various youth organizations in America have no single dominant ideal perhaps because they are confused and bewildered by the complexities of the problems that face them. If such confusion and bewilderment exist they will lay any youth movement open to exploitation and control by political parties as has occurred in Germany and Italy. The force of this possibility becomes apparent if it is considered that in this country in each presidential election approximately eight and one half millions of youth become eligible to vote. If these were to vote as a unit they could control any election.

Youth serving organizations and agencies are not a part of the Youth Movement, whether they bear the word youth in their official titles or not. These are organizations *for* youth but not *by* youth and although they usually manage to include an occasional youth in their convention programs they are after all what Stanley High calls hand me down organizations (that is, attempts to control and direct youths from above — and from the purest of motives of course) rather than spontaneous attempts on the part of youth to do something for themselves. Thus the NYA, the CCC, the YMCA, the Boy Scouts of America, the American Youth Commission and kindred organizations which unselfishly serve youth are not included in the Youth Movement.

These youth serving agencies are important in any discussion of the youth problem because so many of them are attempting to serve youth during the gap between the time he leaves school and his securing of a job. Out of this desire to aid youth in this period of enforced idleness has arisen the Youth Hostel Move

<sup>1</sup> Quoted by Thomas F. Neblett, *Youth Movements in the United States*, *The Annals of the American Academy of Political and Social Science* 194: 148, Nov. 1937.

ment The first youth hostel in this country was opened at Northfield Massachusetts in 1935 and since that time has swept on to the West coast Through its services youth are enabled to travel over America in the summertime under supervision and at little cost

Whether the Youth Movement in any of its phases will contribute materially to the solution of the problems of modern youth will depend much upon the extent to which youth itself is able to supply intelligent leadership Certainly, the responsibility is as much theirs as society's

### PROBLEMS OF THE AGED

The growing numerical importance of the aged in the population brings to the fore the need for the study of their socioeconomic and psychological problems Although these problems are surely just as important as are the problems of youth it is not our purpose here to discuss them exhaustively but merely to indicate the type of problem which confronts the aged and to suggest the kinds of adjustment which these problems necessitate

Whereas we once thought of the aged as those sixty five years old and over economic changes have today forced a redefinition of the aged Economic old age now begins at about forty or forty five After that age it is difficult for people to find and hold jobs and since most pension systems do not become operative until the person is sixty five a long period of dependency is apt to be the prospect for an increasing number The obvious solution of course would be the provision of work opportunities by the Federal government for those thrown prematurely upon the economic scrap heap In the meantime however scores of such folk are becoming dependent upon public charity or upon their children who, in all too many cases, are not able to shoulder added burdens without serious deprivation to their own families leaving aside for the moment the impact upon family morale of interfering grandparents The problem is not nearly so serious in the rural situation as in the urban The rural grandsire in most cases can work virtually to the end of his days, and usually living space is not the problem in the farm home that it is in the city apartment

In simple societies it has been the function of the aged to instruct and induct youth into the practices and principles of the group. This function has conferred tremendous prestige and veneration upon the elders of almost every society. The rapidity of socioeconomic change in modern civilized societies has operated to discredit the old. The techniques of adjustment worked out by one generation are no longer applicable to a later generation and consequently veneration for the elders is replaced by impatience and amused pity — with crushing effect upon the ego.

That the aged in our society are coming to feel their displacement keenly is attested by the organization of older folk into conscious pressure groups. They realize that numerically they are a more important element in the population than ever before and they realize too the difficulties of economic adjustment in a culture which sets a premium upon youth. The Townsendites, an organization of the aged, held their first convention in Cleveland, Ohio, in 1935. The main purpose of the organization was directed toward the establishment of liberal old age pension systems by national and state governments. It is to be expected, however, that with the achievement of this goal other problems of the aged will come in for examination. Already the group has been instrumental in electing candidates to Congress, and its activities as a pressure group have rated at least one Congressional inquiry.<sup>1</sup>

#### TERMS TO BE UNDERSTOOD

family	divorce
compound family	promiscuity
marriage	desertion
polygamy	broken family
polyandry	family reorganization
polygyny	

#### QUESTIONS FOR DISCUSSION

1. Given a society in which there are three times as many women as men, what form of marriage would you expect to find? Why do we say that there is no universal best or right form of marriage and the family?

<sup>1</sup> *Newsweek* 6 5-7 Dec 28 1935 7 9-10 April 11 1936

- 2 Is the efficiency of the family as a social institution increasing or decreasing? What evidence could you cite to support your answer?
- 3 Contrast the early colonial family with the modern urban family. What changes in functions have occurred since colonial times? Why are the psychological functions of the family increasing in importance?
- 4 How would you explain the decline in the birth rate particularly in large cities?
- 5 The statement has been made that the housing of the family cannot improve until ways have been found of applying machine technology to the construction of new buildings. Discuss.
- 6 Contrast the role of the family in the life of the individual in the rural and urban environments. Why is the rural family more stable than the urban?
- 7 In terms of family disorganization, how would you account for the fact that the home broken by divorce is more serious in its effects upon the children than the home broken by death?
- 8 Depressions contribute to family stability because divorces decrease in such periods. Criticize.
- 9 Which of the factors in family reorganization seems to you to hold greatest promise? Why? Do you think family stability would gain more from more stringent divorce laws than from stricter marriage laws?
- 10 In what specific ways is the environment of modern youth more complicated than that of their grandparents?
- 11 In what ways may the changing age composition of the population be expected to complicate the adjustment of youth?
- 12 What are the sociological and psychophysiological hazards of moral looseness?
- 13 Why are the problems of adjustment more serious for the aged in urban society than in rural society?
- 14 Why is it difficult to organize the youth into a Youth Movement?

#### FOR FURTHER STUDY

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## CHAPTER 4

### HOUSING

**The Nature of the Housing Problem** It seems reasonable to expect that a nation as rich as the United States would be able to furnish each of its citizens with a decent healthful place in which to live. We produce 70 per cent of the world's total automobile supply and about 50 per cent of the world's total telephones. We have immense quantities of raw materials and the world's greatest technological improvements. And yet we have an appalling shortage of houses. The average American workman is too frequently unable to purchase adequate shelter, getting far less for his money in the way of housing than in any other kind of essential purchase. Authorities have estimated that from one fourth to one third of our housing is unfit for habitation existing as a hazard to health and social well being.

#### EXTENT OF HOUSING SHORTAGE

Rural housing comprises about two fifths of our housing and is well known for its lack of modern sanitation and conveniences. At least 80 per cent of our farmhouses are shown to be substandard by the *Farm Housing Survey* made in 1934. At present there are no survey data available for nonfarm rural homes but they probably rank somewhere between farm and urban housing.<sup>1</sup>

*The Report on Urban Housing*, published in 1939, showed that of eight million American homes in 203 urban communities 60 per cent were definitely substandard. More than half of the housing structures were built before 1915 one fourth of them before 1895. About four-fifths of the structures were made of wood. Conditions of these urban homes appear to be as follows:

<sup>1</sup> Edith Elmer Wood. That One Third of a Nation. *Survey Graphic* XXIX 2 Feb. 1940 pp 83-84.

Works Progress Administration. *Report on Urban Housing*. U. S. Government Printing Office. Washington, D. C. 1939.

TABLE VIII <sup>1</sup>

<i>Condi tions</i>	<i>Pe Cent</i>
Good	39 0
Needing minor repa rs	44 8
Bad	16 2
Dwel ng units without gas or electric lighting	4 4
Lacking a private indoo flush	14 6
Lacking a bathtub or shower	19 9
Occupied dwellings crowded o overc owded	17 4

Crowded implies more adult occupants than rooms o erc owded more than twice as many

Typical of the nation wide need for housing especially for the lower income groups is the housing plight of Chicago The Metropolitan Housing Council points out that 15 per cent of the 830,000 families in Chicago dwell in houses where the stairs and porches are unsafe and that from 10 to 15 per cent of the build ings used for housing are unfit for human habitation <sup>2</sup> On the basis of sampling 38 501 households in 1936 the National Health Survey estimated that 14 9 per cent of all Chicago white families earning less than \$1000 a year were living in units containing more than 1 5 persons per room Twenty five per cent of all Negro families of all incomes were living in units containing more than 1 5 persons per room <sup>3</sup>

**Overcrowding** A survey of 190 cities from 1934 to 1936 shows virtually the same data (See Fig 5) The National Health Survey in 1935-1936, covering 83 typical cities estimated that 3 million urban families in the United States have more than one person per room one million families live in dwellings with more than one and one half times as many persons as there are rooms and 700 000 families live in dwellings with at least twice as many persons as there are rooms Further breakdown shows that about one out of every 14 families with an annual income of \$2000 or over is found in a house with more than one person per room Similar overcrowded conditions are found in

<sup>1</sup> Edith Elmer Wood *op cit* pp 83-84

<sup>2</sup> D E Mackelman Director Metropolitan Housing Council Chicago

<sup>3</sup> Chicago Housing Authority Pamphlet Chicago Jan 1 940 p 7

every sixth household among families with incomes of less than \$1000 a year and in every third household of families on relief. Every tenth family on relief reported at least twice as many per-

UNFIT FOR USE OR IN NEED OF MAJOR REPAIRS



WITHOUT PRIVATE BATH



WITHOUT PRIVATE INDOOR FLUSH TOILET



WITHOUT GAS OR ELECTRIC LIGHT



WITHOUT RUNNING WATER



Each complete symbol represents 2% of total dwelling units

Sources: *Urban Housing, 1938* Works Progress Administration  
*Real Property Inventory* Dept. of Commerce 1934

FIG 5 URBAN HOUSING CONDITIONS AND FACILITIES

sons under the family roof as there are rooms in the house. About one out of every 8 households had no inside flush toilet or, if such facility was available, it was used jointly with other families.<sup>1</sup>

**Housing Construction** Statistics, showing residential construction by income groups, indicate the shortage of housing units built in the United States, especially for the families in the income group under \$1000 (Fig. 6). This insufficiency of new dwelling units is largely the cause for serious overcrowding and indicates either that the rents asked for vacant dwellings are too high for low income families to pay or that most of the vacancies are so substandard that those families who can afford them prefer to

<sup>1</sup>Rollo H. Britten, *Overcrowding and Sanitation*, U. S. Department of Labor, Labor Information Bulletin, Washington, D. C., June 1938, p. 1.



double up in spite of overcrowding and loss of privacy. Thus those families which can afford a rent of \$20 a month or less (usually the dividing line between standard and substandard housing) are the ones most severely affected by the housing shortage.

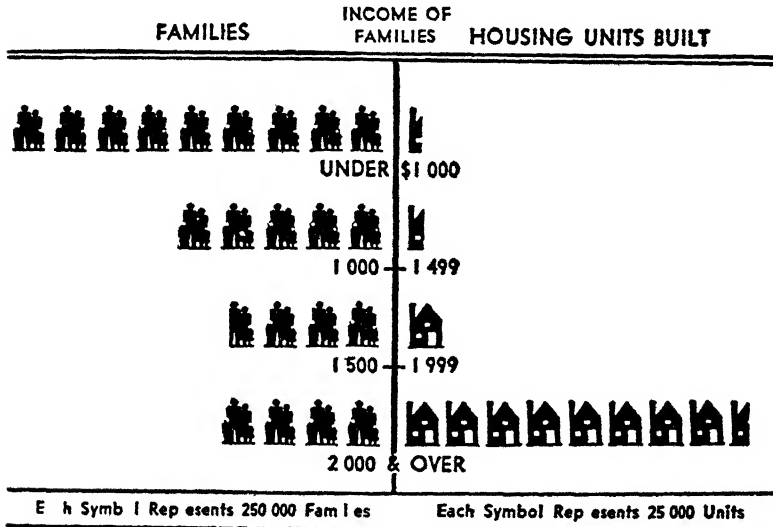


FIG. 6. RESIDENTIAL CONSTRUCTION FOR FAMILIES IN THE UNITED STATES BY INCOME GROUPS

From U. S. Public Health Service *Health Survey 1935-1936* and U. S. Bureau of Labor Statistics *Building Permit Survey 1929-1935*

The United States Bureau of Labor Statistics and the Illinois Department of Labor report that 18,221 dwelling units were demolished in Chicago from 1930 to 1938, but that only 7,619 were constructed, leaving a deficit of 10,602. Considering the estimated increase of 60,517 families during this 8-year period together with deterioration of existing housing facilities, we find that a shortage of housing for approximately 70,000 families exists. The Illinois State Housing Board reported a shortage of 60,799 houses in Chicago for 1934-1935, with 8,983 unfit houses, yet only 7,731 houses had been built to meet this shortage. The great majority of dwelling units demolished during this period were so old or deteriorated that they were fit only for demolition. Though generally these were the lowest rent dwellings, the new dwellings erected in the 1929-1938 period were, with few excep-

tions outside the financial reach of the low rent market In broad terms almost 100 per cent of the dwelling units demolished in the 10 year period from 1929 to 1938 were low rent units, yet fewer than one third of all new dwelling units constructed were

## SUPPLY & DEMAND

THE RECORD, 1930-1938

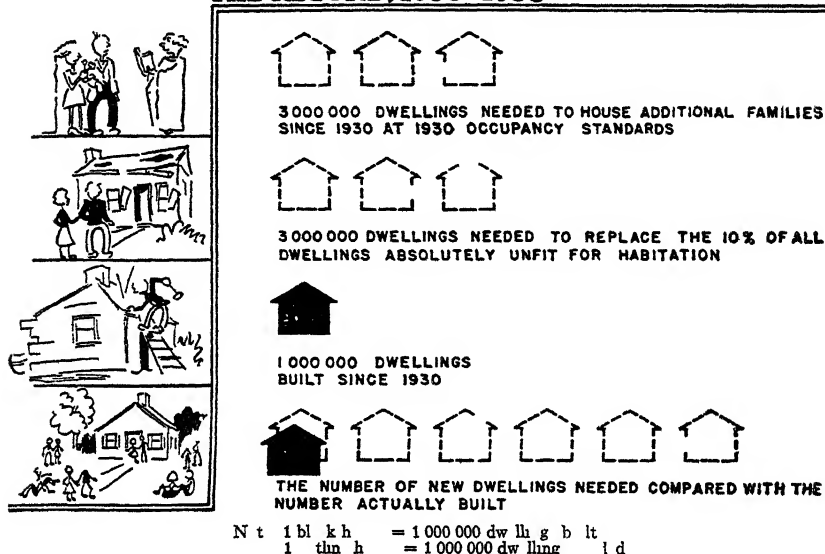


FIG 7

From U S Housing Authority *What the Housing Act Can Do for Your City*  
Washington D C 1938 p 9

available to the low rent market Concerning this low rent market, the United States Bureau of Labor Statistics found that 32.1 per cent of all families in Chicago had annual incomes of less than \$1000 In other words 32.1 per cent of all the families in Chicago could afford a rent of \$20 a month or less<sup>1</sup>

To shelter this group, according to census data, Chicago had 159 744 dwelling units renting for less than \$20 a month In addition to this number there were 20,436 dwelling units occupied by Negroes paying a rental of from \$20 to \$30 Investigations have shown that a great proportion of all Negro housing is substandard, including the worst in the city Thus, in this period

there were 180 180 substandard dwelling units to house 52.1 per cent of the families in Chicago <sup>1</sup>

Dr. Isadore Lubin, Commissioner of Labor Statistics in the United States Department of Labor, has shown the minimum housing need to be, in substance, as follows:

In the United States today there are 4 000 000 houses unfit for human habitation or in need of major repairs. Each year for the next 20 years 200 000 of these should be replaced with new dwellings. Moreover, each year for the next 10 years there will be 280 000 new families in need of homes owing to the natural growth of population. In addition, another 45 000 homes will be needed annually to replace these destroyed each year.

Adding these housing needs together, Lubin arrives at the conclusion that minimum housing standards require the building of at least 525 000 new dwellings a year for the next ten years <sup>2</sup>.

## SOCIAL AND ECONOMIC EFFECTS OF POOR HOUSING

The low income groups and those who are subject to racial discrimination obviously suffer the greatest hardships, hazards and discomforts of poor housing. The indirect effects of the housing problem, which are equally important, are borne not only by those who must live in the unfit houses, but by the whole community.

**Health.** The shortage of housing facilities takes its toll from the physical and social well being of the nation as well as from its economic life. Areas of bad housing generally coincide with areas having high death and sickness rates, especially for those diseases spread by contact <sup>3</sup>. Public health studies have shown that poor housing is a factor in the high rate of tuberculosis, pneumonia, and infant mortality. Other conditions, however, such as poverty, absence of medical care, and hereditary defectiveness generally go hand in hand with poor housing, so that housing alone cannot be charged with full responsibility for the high incidence of disease and mortality.

<sup>1</sup> *Ibid*

<sup>2</sup> Isadore Lubin, *Housing Pathfinder*, Nov. 18, 1939, pp. 19-20.

<sup>3</sup> U. S. Housing Authority, *What the Housing Act Can Do for Your City*, Washington, D. C., 1938, p. 9.

<sup>4</sup> See National Resources Committee, *Urban Planning and Land Policies*, Washington, D. C., 1939, pp. 201-205, for a statement of the extent to which housing is causally related to health and conduct.

Edith Elmer Wood, *op cit*, p. 84.

**Crime and Delinquency** Accompanying overcrowding in slum areas are other social evils for overcrowding may be as injurious to morals as it is to health. It is difficult to observe common decencies in an overcrowded tenement flat which lacks adequate sleeping and toilet facilities. Lack of play space in and about the crowded home drives the children onto streets where saloons, poolrooms and disreputable hangouts are usually the only relief for dirty, squalid dwellings, factories and junkyards. Large unrestrained play groups spring up in which neighborhood children are early introduced to vice and crime, and though most slum children do not become criminals, recent studies have repeatedly shown that the areas of high delinquency rates are almost always the areas of bad housing. In one Chicago slum area one out of every four boys between the ages of ten and seventeen was brought to the juvenile court in one year. Statistics of other cities show similar excessive rates of delinquency in the slum areas.

TABLE IX

<i>City</i>	<i>Per Cent of City Area</i>	<i>Per Cent of Juvenile Population</i>	<i>Per Cent of Juvenile Delinquency</i>
Philadelphia	9.4	25.1	46
Richmond	18.8	31.0	50
Birmingham	12.1	12.2	25
Denver	5.7	11.0	25
Seattle	6.3	11.2	25

**Social Services** From an economic point of view areas of poor housing are extremely expensive to maintain. The cost per capita of providing hospitals and clinics necessitated by disease of providing social workers, police, courts, reformatories and jails necessitated by excess delinquency and crime and of providing other services such as settlement houses, fire protection and garbage collection is much higher than for other sections. At the same time, tax revenues from these slum areas are disproportionately low. The direct and indirect costs of maintaining slum areas could well be used for the improvement of housing with all its subsequent benefits.

<sup>1</sup> United States Housing Authority Leaflet 16 — 11641 Washington, D. C.

**Employment in Industry** From the standpoint of the nation's business and industrial life the lag in housing is especially serious. In spite of the pressing need for more and better housing no effective economic demand has been established. The industries supplying housing materials together with professional and occupational groups such as architects, engineers and building trades workers have until recently been at a virtual standstill for nearly a decade. For example, in 1938 70 per cent of New York City's 200,000 building workers were unemployed or on work relief while throughout the United States 30 per cent of the building workers were unemployed.<sup>1</sup>

Economists generally agree that a boom in housing more than any other one thing would alleviate the problem of mass unemployment through large scale building construction. The records of the construction industry's boom years — the 1920's — support this opinion. Approximately 700,000 nonfarm dwelling units were constructed during that decade by an average of 1,800,000 construction workers. In 1929 the construction industry was the country's largest single employer of labor, using about 5½ per cent of the nation's gainfully employed nonagricultural workers. During this period about 15 per cent of the nation's commodities were consumed by the construction industry together with those industries that made the materials which it used.<sup>2</sup>

Dr. Lubin, in an address before the TNEC in June 1939 described the boost to the national economy which would result from an increase in housing. He estimated that if only 100,000 additional single family dwellings costing \$3000 each were constructed in the next year 82,000 men would gain employment on the site for a whole year and that a full year's employment for an additional 122,000 men would be created by the production of the materials that would go into building these 100,000 units. Since Dr. Lubin has estimated that at least 525,000 new dwellings a year for the next ten years is required to fill the minimum housing needs it is apparent that the tremendous economic activity resulting from the supply of adequate housing for the people of this country would spur the national recovery more than would any other single factor.<sup>3</sup>

<sup>1</sup> Louis Wirth *op cit* p. 37

<sup>2</sup> Isadore Lubin *op cit* pp. 3-4

<sup>3</sup> *Ibid*

Though the undesirable social conditions mentioned above are directly correlated with areas of poor housing there is not yet sufficient evidence to show that these social consequences can be attributed to bad housing alone. Housing may be a direct factor or it may merely reflect other more fundamental conditions.

### DEFINITIONS OF THE HOUSING PROBLEM

Before any particular aspect is considered the nature of the housing problem should be clarified, for in spite of wide publicity in the last few years by both private and governmental agencies there is still much confusion about the problem, even to the extent where some may wonder whether a housing problem exists at all. Certainly a comparison between the crude caves, huts, camps and unsanitary towns and cities in which our forefathers lived and the shelters in which we live today would show contemporary housing superior in many respects to anything ever had before. We may well ask why our ancestors regarded housing as a matter of indifference. Was it less of a problem then or are we insisting too strongly on the evils of bad housing?

Both attitudes can be explained. To our ancestors housing was not regarded as a serious social problem because the indirect effects of poor housing, such as disease, safety, delinquency and welfare were little felt and understood. The physical aspect of housing was looked upon as less of a problem because the absence of necessary material resources and methods of improvement caused people to expect very little. Today however with the dissemination of technical information, education, and advertising and the acceptance of cultural and political doctrines outlining the rights which men may expect situations which would not have been regarded as problems by our ancestors become problems to us. So it is that today we expect certain minimum standards of housing. Failure to reach these standards constitutes the social problem *housing*.<sup>1</sup>

Interpretations of housing usually vary with the special interest

<sup>1</sup> Louis Wirth ed. *Contemporary Social Problems*. University of Chicago Press, Chicago, 1939, pp. 25-26.

of each group dealing with the problem. To many people the term housing means only the building of clean sanitary dwellings for the low income group; to others it means a slum clearance program or the difficulty of procuring suitable shelter within the low income range. Still others relate the housing problem to such undesirable conditions as overcrowding, lack of play space, privacy, transportation, and modern conveniences.

Especially among those engaged in the business of housing are definitions colored by the extent to which each one is directly involved. To the real estate man, for example, housing means availability, rentals, property values, mortgages, land costs. The architect, engineer, builder, or manufacturer of building supplies regards housing in relation to the services or materials which he furnishes.

These physical aspects, however, are only one side of the housing problem. The social factors are equally important, and there, too, stress is placed on different aspects in accordance with the person treating it. The political scientist, for example, may emphasize legal factors, taxation, zoning, or planning; the economist will bear upon the relationship between the supply and demand for housing; while the sociologist more likely stresses such factors as population growth and movements, family disorganization, delinquency, and recreation.<sup>1</sup>

The problem of housing, however, is far too complex for any single definition. It involves both physical and social factors which are interrelated. The layman and the various experts must understand these interrelationships if they are to plan, produce, finance, and maintain proper dwelling places that will meet the needs of the men, women, and children who compose the community. This is the purpose of studying housing.

**Minimum Housing Standards** It is generally agreed that factors which qualify a dwelling unit as unfit or substandard are the absence of sanitary facilities, unsafe or extremely obsolete condition of the structure, overcrowding, and the presence of extra families. Some kind of minimum housing standard has been established by practically every community, and all agencies who undertake to construct a building must comply with codes and laws of a restrictive nature. These codes usually con-

<sup>1</sup> *Ibid* pp 24-25

trol the use of building materials and provide for safety light air, and sanitation in structures of all kinds <sup>1</sup>

Though heretofore legislation has not fully recognized the importance of social factors, the USHA the FHA and other public and private agencies have established standards for light and air room sizes facilities for sanitation occupancy, and community requirements In the United States Housing Act of 1937 Congress outlined the principle of minimum standards establishing those requirements which represent a minimum of decent safe and sanitary housing Especially significant is the emphasis on such social factors as the community and environment the inclusion of recreational facilities and easy accessibility of schools parks and playgrounds <sup>2</sup>

Although even the housing experts will disagree on the particulars for a minimum standard of housing there is a general agreement on many points particularly where the maintenance of physical health is concerned Briefly standards to be considered in housing whether public or private include the following

- 1 The house should be planned and built to serve the needs of the income group that is to occupy it This can be determined by the neighborhood and its inhabitants and by the type and cost of construction The project should be constructed of solid fire resistant and structurally safe materials, and should be placed in a stable residential neighborhood which conforms with the official city or county plan <sup>3</sup>

- 2 Room sizes should be adequate to maintain physical health Windows should have direct outside exposure there should be cross ventilation electric lights, hot and cold running water, kitchen equipment, adequate heating for the climate, conveniences for household work, and a bathtub and toilet in each dwelling unit <sup>4</sup>

- 3 Considerations of mental health and family relationships are of equal importance to the community as to the family

<sup>1</sup> Ira S Robbins The Law and the Builders *Survey Graphic* Feb 1940 pp 98-99

<sup>2</sup> Catherine Bauer and Jacob Crane What Every Family Should Have *Survey Graphic* Feb 1940 pp 64-65

<sup>3</sup> *Ibid* p 65

<sup>4</sup> *Ibid* p 65



Living rooms should not be used for sleeping unless privacy is provided. Adequate space for privacy should be provided since the inability to secure it may be as demoralizing to the family as are unsanitary conditions. The standard recommended by housing experts is one room per person with not more than two persons occupying a sleeping room. These persons should be of the same sex except for married couples and young children.<sup>1</sup>

4 There should be ample play space off the crowded streets with playgrounds within a half mile or so of the project. The neighborhood should be socially wholesome with adequate recreational facilities for both children and adults.

5 There should be opportunities for normal community life, with easy access to such institutions and facilities as schools, churches, libraries, shopping centers, entertainment, and medical services.<sup>3</sup>

The conditions which constitute the housing problem will vary from time to time and place to place and will of course call for varying modes of treatment. Such factors as geography, climate, standards of living, occupations, economic and social organization will, in part, mold the housing requirements necessary for health and well being. It should be remembered that acceptable housing standards will keep on changing as methods of construction and the needs and expectations of the community change.

## FACTORS CONTRIBUTING TO THE HOUSING PROBLEM

Low income is a basic factor in producing housing problems. High costs of land and construction, and sundry legal technicalities have forced private builders to cater to the higher income groups in order to realize the greatest returns from their investments. In urban areas the low incomes of many workers keep them from owning their own homes with the result that those who can least afford it are left to the exploitation of vested interest groups. A survey made in New York from 1919 to 1937 illustrates this wide breach between workers' earnings and the cost of residential construction. (See Fig. 8.) Nor are hous-

<sup>1</sup> *Ibid* p. 136

<sup>2</sup> *Ibid* p. 65

<sup>3</sup> *Ibid* p. 65

ing problems confined to urban areas since rural dwellers are often as badly housed as those who live in cities. Housing in urban areas however is made more difficult because of extremely high often inflated, land prices land speculation complex financial arrangements, and the character and financial

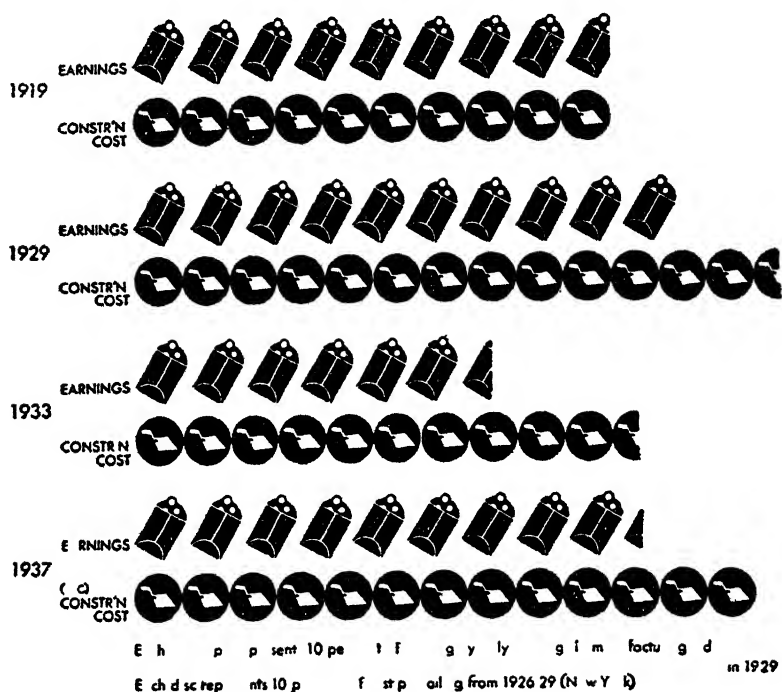


FIG 8 WORKERS EARNINGS AND COST OF CONSTRUCTION

From Miles L. Colean *Can America Build Houses?* Public Affairs Pamphlet No. 19  
New York 1940 p. 23

status of the people. Other factors which contribute to the housing problem are inadequate transportation facilities, poor planning and constructing of buildings, selfishness and short sightedness of landlords and building industries, ignorance and carelessness of tenants, defective sanitation, lax law enforcements, and public indifference.<sup>1</sup> Some of the conditions most directly connected with the housing problem should be considered.

**Urbanization** The phenomenal growth and development of American cities during the nineteenth century was largely

<sup>1</sup> H. E. Barnes *Society in Transition* Prentice Hall Inc. New York 1940 p. 525

instrumental in the emergence of the housing problem. The unprecedented demand for housing led to the development of highly speculative practices which in turn were partly responsible for cheap careless construction ( jerry building ). To facilitate the marketing of small lots (highly profitable from a speculative point of view) the city was divided into small areas from which the gridiron pattern of most American cities developed. The aim of this plan the promotion of speculation was successful the evils that resulted were numerous

- 1 Speculation by distorting land prices resulted in the
- 2 Building of houses in socially undesirable areas if prospects of a speculative boom existed and
- 3 Construction covering practically the entire lot since increased costs made land too expensive to waste and
- 4 Scattered ownership of land in small units has been a constant obstacle to neighborhood planning

The movement of large masses of population from one area generally the older to a newer area of settlement is characteristic of our urban life. Under such conditions there has been little incentive to own and properly maintain homes. The result has been that America has the greatest rate of housing and neighborhood disrepair of any part of the world <sup>1</sup>

Construction costs are so high that the production of suitable houses to be purchased or even rented at moderate prices has hitherto been virtually impossible. A few of the factors which have contributed to the high cost of housing may be noted here.

**High Labor Costs** The building industry today is for the most part a chaotic wastefully organized series of vested interest groups each one eager for its own gains. Compared to wages in other industries construction wages are extremely high. The powerful A F of L building trade unions have pushed hourly wages to these high levels in order to compensate for the months of unemployment caused by the seasonal nature of construction work. The suggestion of President Roosevelt of a lower wage scale and more work days per year to guarantee a stable annual income has been disregarded <sup>2</sup>

Archaic construction methods are not abandoned if their maintenance serves the interests of certain private enterprises or the

<sup>1</sup> Louis Wirth *op cit* pp 38-40

Isadore Lubin *op cit* p 21

local municipality. The result is that, in an age of laborsaving machinery and newly developed building materials, builders have almost invariably clung to antiquated methods, tools, and materials.<sup>1</sup>

**Financing** Construction financing is another sore spot in building, with its excessive interest rates, premiums, service fees, insurance charges, and inspection fees. The unwarranted high cost of financial assistance eventually falls on the occupant and partially accounts for the shortage of low cost flats and houses.<sup>2</sup>

**Small Scale Operations** Within the building industry there is a serious lack of integration, which operates to prevent high efficiency and low costs. One organization buys land, another manufactures the materials, another handles the finances, still another supervises construction, while each group works for separate profits. In addition to this waste in operation, the small contractor cannot save on material costs by buying in volume; he cannot afford expensive laborsaving machinery, and he is unable to experiment with new methods or materials that might reduce building costs.<sup>3</sup>

**Price Fixing** The Department of Justice has found that price fixing is a common practice in the building industry. Arbitrary basing point and zone price systems are set up by producers of building materials, often through their trade associations. Frequently, price cutting competitors are either forced out of business or are made to revise their prices by boycotts imposed upon the manufacturers who provide raw materials to the price cutters.<sup>4</sup>

**New Products** The process of prefabrication, in which sections of a house are manufactured in a factory and put together on the building site by unskilled labor, would lower considerably the cost of construction. However, the use of prefabricated houses or other new methods of construction has frequently been refused by building trade unions, who fear their own displacement.<sup>5</sup>

**Building Codes and Housing Ordinances** The primary purpose of building codes is to provide the occupants with struc-

<sup>1</sup> Bernard J. Newman, *Factors in the Housing Problem*, *Annals of the American Society of Political and Social Science*, Mar. 1937, p. 2.

<sup>2</sup> *Ibid.*

<sup>3</sup> Lubin *op cit*, p. 21.

<sup>4</sup> Lubin *op cit*, p. 21.

<sup>5</sup> *Ibid.*

turally safe buildings and protection from fire and disease, and to guard the owner's investment against the unending expense of the jerry built home. Sometimes they bar out of state materials in favor of certain (often prearranged) home grown materials. Since each community writes its own codes there is now much confusion resulting from the adoption of several sets of housing standards. Local ordinances are generally obsolete and make little or no provision for modern large scale community planning and zoning or modern structural sanitary and fire protective requirements. Inflexible codes usually lag behind technical progress and prevent the use of new materials or the discard of old ones which have become structurally unnecessary. Because of the weaknesses in our present codes many people are advocating a complete change from the listing of specific building materials and procedures to a set of principles to serve as guides rather than restrictions.<sup>1</sup> A move toward the improvement of our physical housing standards is being made by research groups through the devising of a code based on simpler standards and the discarding of excessive factors of safety. Local housing ordinances, as a rule are inadequately enforced and too often fail to cover standards of operation and overcrowding. Even the most obvious minimum standards of fire safety or sanitation frequently depend for enforcement upon the efficiency of an official rather than upon habitual policy.<sup>2</sup>

**Zoning Ordinances** Out of date zoning ordinances usually accompany an obsolete building code and changes in either are fought by those who profit from the status quo. Improper zoning generally results in the artificial inflation of property values. This is true of Chicago which is overzoned for commercial and industrial property and underzoned for one family dwellings with the effect that large areas of blighted residential properties are held by owners who hope to sell them for commercial industrial, or other high income uses. These owners usually do not maintain their residential properties in decent condition and since they ask such high prices for the land successful development by private or public funds for residential purposes becomes extremely difficult. Most important areas which should not be used for housing because they are functionally unfit and not

<sup>1</sup> Lia S. Robbins *op cit* p. 99

<sup>2</sup> Bauer and Crane *op cit* p. 138

suitable to the desirable development of the whole community are being built upon or are even being rebuilt

**Municipal Government** The municipality contributes to the excessive cost of housing by levying high tax charges on real property, by padding government payrolls through the employment of inefficient workers for political reasons or by favoring certain contractors for the purchase of supplies without competitive bidding. The tenant invariably pays in rent for these added costs.

**Government vs Private Enterprise** Building in this country has been mainly in the hands of private enterprise, which has considered housing as a commodity for profit. Until recently there has been no public competition and the results have been high rents coupled with vast areas of slums with their overcrowding, poor sanitation, and hazards to health and safety. In view of the wide breach between the average family income and the cost of producing a family dwelling place the builder or landlord naturally caters to the families with highest incomes. The middle group has a choice of the second rate market, and the bottom third gets what is left. This has been true not only in the depression period but it was also prevalent during the height of the postwar prosperity as well. Though building codes and housing laws attempt to prevent or relieve the more serious problems of housing it should be recognized that private builders and landlords cannot be forced to do business at a loss. Such restrictive laws as do exist cannot be enforced if a whole class of tenants would be left without homes.<sup>1</sup>

Since our acute housing shortage, with its attendant problems is in part an outgrowth of private enterprise, one might ask: What is industry doing or what can we expect it to do within the next few years to improve these deplorable conditions? Edith Elmer Wood writes, 'Except under pioneer conditions, where land and building materials are practically free supply and demand unaided have never at any time or at any place furnished all classes of self supporting families with a minimum health and decency grade of housing. Nor is there any reason to suppose they ever will.'<sup>2</sup>

Wood That One Third of a Nation *op cit* p 83

<sup>2</sup> Edith Elmer Wood *Recent Trends in American Housing* The Macmillan Company New York 1931 p 45 Reprinted by permission

Opinion on this matter however is not always so clear cut for housing has among its proponents two different groups the public housing and the private enterprise groups Public housing in this country is defined as what is built owned and operated by the newly created public housing authorities national or local <sup>1</sup> At present our public housing is also subsidized this means that part of its cost is paid by the taxpayers rather than by the occupants, by means of a capital grant an annual grant, or a tax exemption The advocates of public housing point to the slums created by private enterprise and on that basis hold out little hope that private enterprise will take a substantial part in the housing program The private enterprise group counters by declaring that the taxpayers money is being used to discourage private initiative and to ruin the taxpayers business Recognizing that housing includes all housing whether for rich or poor authorities agree that there is a place for both public housing and private enterprise in furnishing an adequate supply of dwellings that will meet the needs of all the economic groups in a community As John Ihlder points out a community housing program must include the demolition of unfit dwellings the repair modernization and proper maintenance of dwellings that are fit and the erection of new dwellings In this program there is ample scope for every legitimate interest private and public The emphasis varies in the three divisions at different times and in different communities

Concerning competition between public and private groups Edith Elmer Wood states that subsidized public housing is, without apology in competition with slum housing, and that where private enterprise has been functioning with reasonable success there should be no competition with public housing She points out that the Wagner Steagall Act limits public housing to the present ill housed third of the nation <sup>2</sup>

By means of government subsidy the public housing group hopes to be able to reduce greatly the cost of the new house to its occupants Until recently however neither camp has fully faced the problem of housing not only the low income families,

<sup>1</sup> Wood *That One Third of a Nation* *op cit* p 83

<sup>2</sup> John Ihlder *Housing Defined* Washington D C 1936 p 8

<sup>3</sup> Wood *op cit* p 87

but the lowest income families and those who have no income whatsoever

TABLE X<sup>1</sup>

DWELLINGS BUILT PER FAMILIES 1930-1937

	Number of Families	Total Dwellings Built 1930-1937		By Public Agencies or Other Non-profit Enterprise		By Private Enterprise	
		Number	Per 100 Families	Number	Per 100 Families	Number	Per 100 Families
England	10 233 139	2 189 366	21.4	496 447	4.9	1 692 919	16.5
Sweden	647 770	195 749	30.2	25 502	3.9	170 247	26.3
U S *	17 372 524	1 041 265	6.0	29 559	2	1 011 706	5.8

\* Urban families and urban homes built

England — Housing House Production Slum Clearance etc England and Wales Position at 30th of March 1938 British Ministry of Health Number of families from 1931 Census

Sweden — Federal Home Loan Bank Review September 1936 American Swedish News Exchange Inc New York Urban households from 1930 Census

United States — Monthly Labor Review January 1938 Estimate of public housing from Bureau of Labor Statistics includes urban homes built or aided by Public Works Administration Farm Security Administration Works Progress Administration and Alley Dwelling Authority Urban families from 1930 Census

## HOUSING PROGRAMS AND PROPOSED SOLUTIONS

**Private Measures** Though public housing which is a recent development is the first long range step taken to relieve the problems of the ill housed certain private enterprises and philanthropic agencies have made some attempts at furnishing low cost housing Important among these are the following

1 *Limited dividend housing projects* financed by philanthropic or quasi philanthropic capital Through voluntary limitation of dividends it is hoped that suitable homes for those with limited incomes can be provided Under this plan, model apartments have been constructed in a number of cities, in Chicago, for instance by the Marshall Field estate and the Julius Rosenwald Fund<sup>2</sup>

2 *Tax exemptions* for the duration of a twenty year period were granted by New York (in compliance with the Housing Act of

<sup>1</sup> U S Housing Authority *What the Housing Act Can Do for Your City* Washington D C 1938 p 77

<sup>2</sup> H E Barnes *op cit* p 533



1926) to apartments erected prior to 1937 provided that they conformed to the building standards and rental schedules set forth in the law. By 1937, 5896 apartments were constructed.<sup>1</sup>

3 *Cooperative Apartments* The first notable instance was the Finnish cooperative apartment built in Brooklyn in 1917. The Amalgamated Clothing Workers erected two large cooperative apartments in New York City, both of which are models of design and construction and have extremely reasonable rentals. Europe on the whole has had more success with cooperative apartments. In Stockholm, Sweden, the government and cooperatives have spent about ninety million dollars since 1926 to aid better urban housing, and about 15 per cent of the population of Stockholm live in these cooperatives. Loans up to 90 per cent of the cost of homes for the working class are made by the city. These homes, which are located in the suburbs, have provided for over 50,000 persons at a lower cost than has any other program.<sup>2</sup>

**Government Measures** Until about 1932 public efforts to ameliorate the housing situation in the United States — except for an attempt of the national government to provide homes for workers in the war industries between 1917 and 1919 — were largely of a preventive or restrictive nature. The first tenement house law was enacted in New York City in 1867. It forbade cellar apartments unless the ceiling was at least a foot above the ground, and required one water closet or privy for every twenty persons. Beginning with the sweeping Tenement House Act passed in New York City in 1901, there were enacted by state legislatures a whole series of statutes to prevent unsafe building, insanitary conditions, and excessive land overcrowding.<sup>3</sup> However, these remedies, though valuable, were negative in nature and did not provide for nearly enough new houses or reconditioned old ones. Lax enforcements of these statutes added further difficulty to the problem.

The first extensive home building program for low income families was embarked upon in 1933 under the auspices of the New Deal. The aim of this government aid is twofold: first, to advance loans to home owners and financial institutions investing in houses, and to start housing construction, thus providing useful

<sup>1</sup> *Ibid.* p. 533

<sup>2</sup> *Ibid.* pp. 528-533

<sup>3</sup> *Ibid.* p. 531

employment for thousands of workers and further stimulating business recovery second, to eliminate slums and to provide homes for low income families whose small resources are no inducement to private builders Not all of the various measures and institutions set up to achieve these objects can be discussed, but some of the more important ones should be mentioned

*The Federal Home Loan Bank Administration* first of the government's home financing projects was established in 1932 with the purpose of supplying a reservoir of credit for home financing institutions Irving Brant has summarized the agencies administered under its authority as follows

(a) Twelve regional Federal Home Loan Banks which furnish a credit reserve for banks insurance companies building and loan associations and cooperatives advancing money to them on home mortgage collateral

(b) The Federal Savings and Loan System which charters and supervises federal savings and loan associations and also grants federal charters to approved state-chartered associations The principal effort is to establish sound mortgage practices on terms beneficial to home owners

(c) The Federal Savings and Loan Insurance Corporation which insures investments in federal savings and loan associations and affiliated state chartered bodies up to \$5000 for each individual investor The effect is to bring investment money into the housing field and to induce the building and loan associations to accept federal supervision

(d) The Home Owners Loan Corporation (HOLC) which from 1933 to 1936 refinanced more than a million distressed mortgages but which no longer makes loans and is now engaged only in servicing those already made and in managing properties acquired through foreclosure Its original loans totaled \$3 100 000 000 From two thirds to three fourths of the borrowers are expected to pay out <sup>1</sup>

*Public Works Administration* The National Industrial Recovery Act (NIRA) of 1933, the first important New Deal legislation in the field of home construction, provided the Public Works Administration (PWA) with the power to make loans and grants to public agencies for the building of low rent houses and the clearance of slums Between 1933 and 1937 the PWA spent about \$134 000 000 on fifty one projects in thirty six cities Today these projects house approximately 22 500 families, or 70,000 persons Nearly half of the federal outlay represented outright grants to localities <sup>2</sup>

<sup>1</sup> Irving Brant New Chapters in an Old Story *Survey Graphic*, Feb 1940 pp. 80-81

<sup>2</sup> Isadore Lubin *op cit* p 4

*United States Housing Authority*<sup>1</sup> The housing program, as it began to take shape brought a clear cut need for government aided local dealings with slum and housing problems. As a result, the United States Housing Authority (USHA) was created by the Wagner Steagall Act of 1937 to take over the control of federal housing projects from the PWA. Like the PWA, the USHA, which is now the administrative agency in charge of federal housing, aims to clear slums and rehouse their low income families with low rent projects. It erects no buildings itself but assists and encourages municipal and county housing authorities (now numbering approximately 264) to do so with the aid of loans and grants. In February 1940 all but ten states of the Union had passed state housing acts under this program.

The local housing authority may borrow up to 90 per cent of the cost of the project to be repaid in sixty years and it may receive annual grants or subsidies from the USHA in order to maintain rents low enough for the rehoused groups. Local housing projects thus aided are supervised by the USHA to make sure that they actually benefit low income groups.<sup>2</sup>

In 1939 more than 5000 dwelling units were already under construction. So far, Congress has authorized the USHA to make loans up to \$800 000,000 and to make annual grants up to \$28 000 000. The law also provides that for every dwelling unit erected, at least one unfit slum dwelling must be eliminated. Therefore, when the entire funds available under the USHA have been put into construction steps will also have been taken to eliminate at least 160,000 unfit slum dwellings. It is estimated that rehoused slum families will number about 170 000, or approximately 650 000 people, and that of the \$800 000,000 in the present program about \$600,000,000 will go directly into workers' salaries.<sup>3</sup>

*Federal Housing Administration* The National Housing Act, passed by Congress in 1934 created the Federal Housing Administration (FHA) for the purpose of encouraging private capital to

<sup>1</sup> Now the Federal Public Housing Authority

<sup>2</sup> Edith E. Wood *op cit* p. 85

<sup>3</sup> Nathan Straus 'The United States Housing Program, Address to the Houston Convention of the American Federation of Labor' Washington D. C. 1939

invest in the building of homes for low income families. It does not lend money for private housing as is commonly supposed. Its loans are of two types

(a) Under Title 1 of the National Housing Act it insures private loan agencies against loss up to 10 per cent of their total loans of \$2500 or less for modernization of housing. Total loans insured under this title amounted to \$898 737 000 on September 30 1939

(b) Under Title 2 the FHA insures mortgages made by financial institutions on new homes up to a value of \$10 000. Total loans insured under this title amounted to \$2 249 238 000. It also insures mortgages made on large scale rental projects. By September 30 1939 these totaled \$108 000 000 on 250 projects<sup>1</sup>

The FHA also sets up both price and minimum construction standards for the enterprises it guarantees. Through its activities the institutions of the short term mortgage, the second mortgage, and the finance fees and discounts, which have threatened the stability of private home ownership, have been virtually eliminated. This effort unfortunately, has not yet reached lower than the middle income groups.

*The Farm Security Administration* (FSA) has a much broader field than housing. Its principal function is to make loans to farm tenants, laborers and sharecroppers and to aid them in becoming farm owners. It also makes rehabilitation loans to low income farmers who cannot obtain credit elsewhere. Frequently these activities also include the building or reconstruction of houses.

The FSA makes loans at 3 per cent for periods up to forty years. As a rule it does not build houses for tenants but furnishes plans for houses costing from \$1200 in the southern states up to \$2500 in the northern states, in addition to furnishing the money for them.

In California and other western states however, the FSA has undertaken the building of camps for migratory workers and homes for families who have been driven from the dust bowl and who have ceased to migrate. These homes cost from \$1191 to \$1679 and are being built with the purpose of changing the migratory workers into casual workers with a fixed home. The objection to this, of course, is that very few migratory workers can afford such a home.<sup>2</sup>

<sup>1</sup> Irving Brant *op cit* pp 80-81

*Ibid* p 81

**Wartime Legislation** The tremendous transition from a defense to a war economy, with its increased demands on scarce materials its critical manpower situation and its overburdened transportation system, has left its full impact on the housing scene. In 1942 for the first time all governmental activities in the urban housing field were consolidated into one over all agency. By order of the President the housing functions of sixteen existing agencies were consolidated into the *National Housing Agency* bringing all governmental urban housing measures, except those on military reservations under the supervision of the National Housing Administrator. Three existing agencies comprise the principal units of the National Housing Agency the Federal Housing Administration the Federal Home Loan Bank Administration — both of which deal primarily with private home construction and financing — and the Federal Public Housing Authority (the former USHA) dealing with publicly built and financed housing. To facilitate the over all planning and execution of a unified war housing program, the Office of the Administrator was established in Washington to estimate plan, and arrange for meeting the war housing needs in each of the critical housing areas. In addition and because of the essentially local nature of housing problems ten regional offices, responsible to the Administrator have been established to prepare and execute housing programs for the defense areas in each region. Thus war housing has been made an integral part of the total war effort.

In addition to the established functions of the units which make up the National Housing Agency certain liberalizations and extensions have been granted the three principal units to enable them to put into effect the war housing plans made in the Office of the Administrator. A special contribution to the war effort has been the liberalization of regulations of the Federal Home Loan Banks (page 112 a) to enable insured member institutions to further their activity in defense areas by selling mortgages and using the proceeds to finance housing for war workers during the emergency.

Since housing activities are now confined almost exclusively to providing homes for war workers the most important insurance activities of the Federal Housing Administration (page 113)

at the present time are those made possible since 1941, by amendments to the National Housing Act, making the insurance feature available for war housing. Terms for FHA insured loans have also been liberalized and their availability extended to specific war production areas.

The *Federal Public Housing Authority* (formerly the USHA, see page 113) is now responsible for providing all public war housing (outside of Army and Navy reservations) which must be carried out with government funds because of the inability of private enterprise to do the whole job. Its original concern with slum clearance and housing for low income families has temporarily been put aside. Indeed some of its low rental units have been converted into war housing and its only concern now is to provide shelter for war workers at rentals within their financial reach. During the emergency the FPHA is not required to eliminate equivalent numbers of slum dwellings nor to accept only low income families as tenants in its war housing projects. These projects include permanent housing which private enterprise, because of the risks involved, cannot provide as well as the provision of temporary shelters which are necessary in some areas.<sup>1</sup>

**Wartime Housing** The booming of war plants all over the country has resulted in an acute housing shortage in most of the war production centers. In some of these areas old houses have been reconverted. War Housing Centers have been established by the government which list living quarters made available for war workers by people with extra living space, the government has leased existing private properties for the duration if they could be speedily remodeled into additional living units. Despite maximum use of existing facilities, however additional housing has been required in many areas. To fill this need every conceivable kind of housing from stop gap tents, trailers, and barracks to well constructed, permanent houses have been built — all under the necessity of conserving critical materials.

To handle this shortage the Federal Government's public war housing program was established with two principal objectives to maintain private construction in war production areas

<sup>1</sup>Helen C Monchow. Housing, *The American Year Book of 1942*. The American Year Book Corp. Thomas Nelson & Sons New York 1943 pp 573-575

and to increase public housing construction where private resources were not available. In 1942, 493 000 housing units were provided in war production areas and in military and naval centers (194 000 with public funds and 299 000 by private funds largely insured by special wartime provisions of the FHA). In 1943 the erection of about 340 000 units was scheduled: costs to be divided equally between public and private interests.<sup>1</sup> Nearly two million people will be housed through this program.

The need for speed and the saving of critical materials has resulted in the utilization of new assembly line methods and increased use of prefabricated parts and new methods of material distribution. Much of this housing is temporary, erected with little regard for orderly city planning, sometimes without adequate utilities, schools, and transportation. Many of the public housing units, however, are in projects which are integrated communities in themselves: shopping centers, recreational and dining facilities, clinics, and other equipment are provided in the projects where these are not otherwise available.

**Limitations of the Public-Housing Program** Though the housing needs of the middle and higher income groups have been filled with a fair measure of success, neither public nor private measures have adequately handled the problem of proper housing for the lower income groups. The work of the Federal government is a promising indication of what can be done in clearing away slums and erecting suitable dwellings, but the whole program, including construction to be finished by 1941, will house only a fragment of the slum population. The projects which are already completed have been criticized as being too expensive for present slum dwellers. The Jane Addams and Julia Lathrop apartments in Chicago, for example, show an average cost per family of around \$6000 and must either charge rents beyond the capacity of the lower income groups or liquidate the debt out of public funds or government subsidy. The government is operating at a financial loss under the USHA program. Added to this problem is the fact that for each new dwelling constructed by the USHA a slum dwelling must be torn down. Thus while the USHA is improving the quality of houses, the quantity is practically at a standstill. The greatest

<sup>1</sup> *Wartime Facts and Postwar Problems*. The Twentieth Century Fund, p. 93.

need for housing is among families having incomes of about \$1500 a year or less. There are today approximately seven million such families who actually need better homes. If the Federal government were to furnish them at the former cost of \$5280 per family unit, it would require well over \$30 000,000 000 <sup>1</sup>. The possibilities of realizing this huge expenditure within a reasonable period are very slight indeed.

Numerous other obstacles stand in the way of effective governmental handling of the housing problem.

1 Local governments have not had sufficient resources to carry out public housing enterprises.

2 A satisfactory relationship between the Federal government and local communities concerning payments of tax and service charges has not yet been established.

3 Recognition of the indirect costs of poor housing and the gains which would result from improvement has been greatly overlooked by both public and private groups.

4 Hundreds of communities even in those states with housing enabling legislation, cannot engage in the USHA program because they have not set up local housing authorities <sup>2</sup>.

5 States, even those with housing authority laws are not moving fast enough to stimulate the general and national desire for better housing.

**Postwar Problems** Not only will these basic problems which we have discussed be intensified when the war ends but additional problems growing out of the wake of the war will have to be met. The peacetime use, or disposal of public war housing projects will offer an immediate problem, one whose magnitude and urgency will vary considerably from place to place. In some communities war plants will close, workers will leave and housing will remain which is no longer needed. The dumping of these houses upon an already sagging real estate market will only intensify the decline in values. In other communities where employment opportunity continues after the war, war housing, if suitable for permanent residential use, can still be used. It has been suggested that workers living in these units have the first

<sup>1</sup>Robert F. Marshall, *Slum Clearance: A Flight from Reality*, *Forum*, CI 2 Feb. 1939, p. 103.

<sup>2</sup>Louis Wirth, *op cit*, p. 54.



opportunity to purchase them, either individually or by some form of mutual ownership. Temporary housing however should come down as soon as possible or it will furnish the slums of ten years from today. Where such housing is occupied and needed proper rehousing will have to be provided before demolition can begin. Salvage possibilities of temporary housing will also have to be explored.<sup>1</sup>

The leading long range problem will be the extent to which the government should participate in various aspects of the housing field — public housing (that is direct ownership and operation) insurance financing etc — in relation to private interests. Though public housing is not in competition with private housing (its function being to provide decent housing to those who cannot afford private houses) there has been considerable criticism of the way it has been handled. In addition to the high costs already discussed are complaints about the construction of new buildings instead of the renovation of old ones subsidization of buildings instead of tenants, etc.

Another major postwar issue will be the length to which the government should go in helping to reduce the cost of private building. This involves such problems as the desirability and extent of government action against factors which have made for high costs (see pages 105–108), a program of testing and research to encourage the use of new materials and methods revisions in tax policy to encourage large investments in housing etc. The role of existing government agencies in handling the problems of large scale housing at the completion of the war will be a leading issue, especially as it concerns the expansion or contraction of those grouped in the National Housing Agency.<sup>2</sup> (See pages 111–117.)

*Recommendations for Better Housing* Until very recently housing in America has been handled almost exclusively by private enterprise. The results, as shown, have been highly unsatisfactory for the bulk of our population. Public housing seems to be a way out of the problem but already many obstacles have arisen and more can be expected to block its effectiveness.

<sup>1</sup> Public Housing — Yesterday — Today — Tomorrow. Address given by Commissioner Herbert Emmerich of the FPHA on May 20, 1943, to the National Association of Housing Officials in New York City.

<sup>2</sup> *Wartime Facts and Postwar Problems of* cit. p. 95.

Most housing authorities agree that under our present economic and political system there is place for both private and public enterprise and that they need not compete with each other. Louis Wirth, in *Contemporary Social Problems* lists some recommendations for treating this and other problems concerning housing programs

1 The housing needs of the upper middle and top income groups could be supplied by private enterprise while those of the lower and lower middle income groups are reserved for governmental activity

2 The income of the masses could be raised by some nation wide activity such as raising the national income and widening the distribution of that income

3 Lacking increased income the lower income groups should have some provision of subsidies in the form of direct governmental construction of public housing rent subsidies or loans to private enterprises to make possible lower costs in the financing of housing

4 There should be full legal recognition of housing as a public utility with the right of eminent domain to housing projects together with governmental regulations of quality and price

5 The building industry should be modernized for the purpose of using modern technological improvements for the benefit of the consumers of housing minimizing its seasonal character and making possible mass construction

6 Monopolies in building materials industries should be prevented or controlled and the building trades should be reorganized in order to reduce building construction costs

7 There should be strict enforcement of health fire and building ordinances to prevent exploitation of the slum population and to promote rehabilitation of slum dwellings

8 Private enterprise construction could be stimulated for the middle and upper income groups through simplification of building codes and legislation

9 Limited dividend corporations and cooperative housing enterprises should be encouraged if necessary through government credit loan insurance or tax reduction

10 Proper city planning zoning and neighborhood protection would retard deterioration and blight

11 The slum clearance program might be separated from the low cost housing program since low cost housing cannot always be best provided in former slum areas. Slum areas after clearance should be readapted for public use

12 The tax structure should be rationalized with some of the tax burden borne by real estate transferred to other sources of income

13 Land speculation could be prevented through control of new subdivisions

14 The stabilization (though not freezing) of population mobility could be secured through the stabilization of economic organization

15 The disadvantageous position of ethnic groups such as Negroes suffering from race prejudice and inferior housing facilities should be minimized

16 The federal state and local housing programs and agencies should be coordinated <sup>1</sup>

Other suggestions with regard to federal housing projects include the following

(a) The federal state and local governments and private enterprise should adopt a national policy of acceptable minimum standards for rehousing the low income groups This policy should be designed to stimulate local initiative and recognize local circumstances Control save in exceptional cases should be vested in the local authorities

(b) Complying with local needs the federal and state governments should extend financial aid to local authorities on condition of a comprehensive city plan and housing program <sup>2</sup>

(c) A model State housing law should be prepared to enable States and local communities to take part in a national housing program and to carry out community rehousing programs in which public and private groups can cooperate <sup>4</sup>

(d) There should be a housing authority in every community that has a slum few cities do not have such an area

**Conclusion** To gain the greatest benefit from public housing, our national housing policy must not only be tied in with the national economy and financial structure but it must also be an integral part of a comprehensive long range plan for the development and redevelopment of the community in order to prevent patchwork projects and to insure against the instability of new developments and dislocations in the community structure

Though each recommendation listed in this chapter for improving housing conditions may be beneficial in itself the housing problem is too great and too complex to be solved completely by palliative measures The housing problem is intertwined with phases of our political economic and social life and often solution of one phase of the problem is dependent upon another Estimates on the cost of adequately housing the lower income groups vary all the way from \$10 000 000 000 to \$65 000 000 000

<sup>1</sup> Louis Wirth *op cit* pp 55-56

<sup>2</sup> National Resources Committees *Our Cities Their Role in the National Economy*  
U S Government Printing Office Washington D C 1938 p 76

<sup>3</sup> *Ibid*

<sup>4</sup> *Ibid* p 60

<sup>5</sup> *Ibid*

a sum which makes experts agree that, even with large scale programs a serious housing problem will exist for many years to come. Yet if we can carry out a housing program to replace our worst substandard dwelling units and to care for the increase in families, experts believe it will make an important contribution both directly and indirectly to full employment in postwar America.

We may well ask: What are the benefits that would be gained from the completion of such an elaborate and costly program?

The benefits to be derived from such a program are scarcely calculable in quantitative terms. The increased satisfaction in life of the population directly affected, the reduction of disease and the increased possibilities of personal development to be derived through the realization of the minimum standards of good housing on a national scale are not translatable into financial terms. The indirect benefits of good housing in the form of the reduction in delinquency and crime and of other forms of social disorganization such as insanity, suicide, vice, community indifference, public disorder and political apathy can only be subjects of conjecture.<sup>1</sup>

Finally, education of the American public must continue to be the keynote of the housing program for there must be a wider understanding of the problem and the necessity for the government's work in this field. Only in this way can its permanency be assured.

#### TERMS TO BE UNDERSTOOD

slum	blighted area
substandard dwellings	overcrowding
building code	eminent domain
subsidy	zoning
mortgage	public housing

#### QUESTIONS FOR DISCUSSION

1. Give the reasons for present day high costs of housing construction.
2. Explain why an effective demand for a health and decency grade of housing for all Americans is almost impossible to achieve under present economic conditions.
3. What measures can private industry take to aid better housing? What are some of the limitations for the realization of such a program?

<sup>1</sup>Louis Wirth *op cit* p. 52

- 4 What are some of the criticisms of the New Deal program for public housing?
- 5 List some of the direct and indirect effects of poor housing
- 6 How does the United States compare with other countries in respect to public housing?
- 7 Compare housing conditions and problems in rural areas with those in urban areas. How do you account for the differences?
- 8 How does the housing problem of contemporary United States compare with that of 100 years ago?
- 9 What new inventions have affected housing in the last thirty years? Why have some of them not been widely adopted?
- 10 Discuss the justice or injustice of subsidizing the housing of part of the population at the expense of the rest. Discuss this same problem from the standpoint of its social utility.

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## CHAPTER 5

### HEALTH

#### THE HEALTH RECORD OF AMERICANS

**Improvement of Health** Health is a matter of primary national importance. It means economy in times of peace and strength in times of war. Great progress has been made in improving the health of the American people. During the past century life has been made longer and healthier. Severe epidemics have been prevented. Many communicable diseases have come under control and marked changes in mortality rates have been eliminated.

Smallpox used to be regarded as an expected childhood disease and through this disease 5000 lives were snuffed out annually. By 1934 there were only twenty four deaths attributable to this disease.<sup>1</sup> Typhoid is another epidemic disease which has been partially conquered. At the turn of this century, a quarter million cases annually resulted in about 25 000 deaths. This has been reduced to one tenth the number.<sup>2</sup> Tuberculosis is still a major cause of death but the rate is one fourth that of 1900.<sup>3</sup>

In the field of child health much has been accomplished especially through the control of communicable diseases and the application of recent findings in nutrition. Mention is made in a later chapter on Population of the declining infant mortality rate. About seventeen years were added to the expectation of life at birth during the past fifty years.<sup>4</sup>

**Wastage in Human Vitality and Life** Despite the relatively excellent health of the American people much remains to be accomplished. Our experience with the Selective Service Act is making us aware of the physical defects in our population. During the two and one-half years of operation under the Act

<sup>1</sup> National Resources Committee *Problems of a Changing Population* U S Government Printing Office Washington D C 1938 p 169

<sup>2</sup> *Ibid*

<sup>3</sup> *Ibid* pp 171-172

<sup>4</sup> *Ibid* p 22

approximately 40 per cent of the registrants have been rejected for physical or mental defects. Early in 1943, among boys of 18 who should be in peak good health, one of four was deemed unfit for military service. During the spring of 1944, when Selective Service had been reaching near the bottom of the man power pool, rejections were running as high as 46 per cent. As of April 1944, it is estimated that more than  $3\frac{1}{2}$  million registrants 18-37 years of age have been rejected as IV F. Three quarters of these were rejected for physical or mental defects. The ten leading causes of rejection (and approximate per cent of each) were in decreasing order of occurrence: mental disease (15%), syphilis (8.5%), musculoskeletal (7.5%), cardiovascular (6.5%), hernia (6%), neurological (5.8%), eyes (5.8%), ears (4%), mental deficiency (3.5%)<sup>1</sup> and tuberculosis (2.5%). Neuropsychiatric disabilities alone have already accounted for about  $\frac{1}{2}$  million Army discharges.

There were about three million cases of malaria in 1934.<sup>2</sup> Typhoid fever still takes a large toll of lives in some localities. Tuberculosis kills 70,000 annually and affects another half million active cases.<sup>3</sup> Over 1,500,000 cases of venereal diseases are being treated. In this category, syphilis and gonorrhea cause over 40,000 deaths annually, the great majority of which could be prevented by proper and timely treatment.<sup>4</sup>

The respiratory diseases are a very important cause of lowered vitality and death. Each year 150,000 pneumonia victims lose their lives, though adequate serum treatments could save fully one fourth of them.<sup>5</sup> The common cold also drains the vitality of the population. The average American contracts more than three colds a year. Some of us get through the year with none at all, while others suffer from many. A picture of nearly a half billion colds a year portrays a huge amount of discomfort and disability.<sup>6</sup>

<sup>1</sup> Includes registrants who failed to meet minimum intelligence standards established on June 1, 1943. The registrants rejected for educational deficiency ( $10\frac{1}{2}\%$ ) should be considered along with those rejected for mental deficiency insofar as some registrants were rejected as educationally deficient and others as mentally deficient.

<sup>2</sup> National Resources Committee *op cit* p. 171.

<sup>3</sup> *Ibid* p. 172.

<sup>4</sup> *Ibid*

<sup>5</sup> Paul A. Dodd, Conservation of Public Health. *The Annals of the American Academy of Political and Social Science* 1939: 204-206, 147.

<sup>6</sup> National Resources Committee *op cit* p. 172.



The infant mortality rate which has been cut in half in the last quarter century could be halved again. Waste of life during childbirth could be largely eliminated. Each year of the 2 000 000 babies born 75 000 are stillborn and 61 000 others die during the first month after birth.<sup>1</sup> Some 13 000 mothers die during the maternity period. There is little excuse for the situation whereby a quarter million women do not have the services of a hospital or doctor at childbirth. Diarrhea, enteritis, and other infectious diseases have been reduced as causes of infant deaths but the congenital conditions and accidents of birth for both mother and child are still major causes of death. It has been shown that the risk of death during pregnancy is very great among women with complications before childbirth.<sup>2</sup> This points to the possibilities of improving health through an extended program of prenatal care.

In addition to the suffering and defeated hopes which result from illness and disabling diseases the monetary cost is very high. There is, on the average, one illness per person per year. This means that a male worker loses seven to nine days of work each year, and a female worker suffers a somewhat greater loss of about eight to twelve days. The average worker loses about 2 per cent of his economic productivity through illness and accident. Industry and business also suffer because routine is disorganized; additional time and money are required to train substitutes and productive efficiency is lowered. Thus it is probable that the total loss of illness and disability is at least 5 per cent of normal productivity. Translated into dollars, this waste amounts to four billion dollars each year or a sum equal to the expense of operating our Federal government in 1929.<sup>4</sup>

Mental disease is perhaps the most baffling in the entire field of health. It is extremely difficult to estimate the number of persons who are mentally ill but the best estimates run to one and a half or two million cases. Of this number about one half million are

<sup>1</sup> Paul A. Dodd *op cit* p. 147

<sup>2</sup> E. Sydenstricker, *Public Health Provisions in the Social Security Act*, *Law and Contemporary Problems*, Duke University Press, Durham, N. C., III, 265, April 1936.

<sup>3</sup> *The Hazards of Complications in Pregnancy*, *Statistical Bulletin*, Metropolitan Life Insurance Company, Sept. 1932, p. 6.

<sup>4</sup> National Resources Committee *op cit* pp. 167-168.

institutionalized and the annual cost per case is between \$300 and \$500<sup>1</sup> Aside from the suffering and costs of mental disease the fact that mental disease cases occupy more than half of all the hospital beds reveals the enormous health problems which families and the public face Yet the causes of mental breakdown are largely obscure and the situation constitutes a major challenge to modern science

**Variations in Health among Groups** There are differences in death rates and the incidence of disease according to age geo

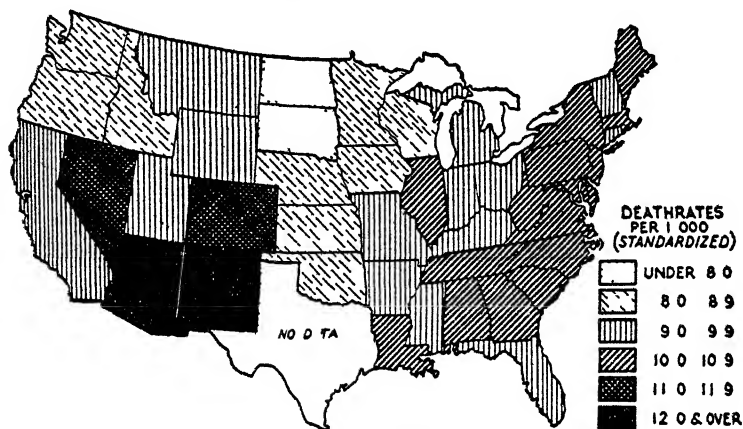


FIG 9 STANDARDIZED DEATH RATES FROM ALL CAUSES WHITE PERSONS IN THE UNITED STATES 1929-1931

White persons include Mexicans Death rates are standardized on the basis of the Standard Millions of England and Wales 1901 The mortality for South Dakota is based on deaths for 1930 only From National Resources Committee *Problems of a Changing Population* U S Government Printing Office Washington D C 1938 p 181 citing L I Dublin and A T Lotka

graphic location, and even among different economic groups of the same locality Studies made by the United States Public Health Service indicate that these rates are not produced directly by climate or biological factors Instead there is good reason to believe that differences in custom, health knowledge, and the ability to pay for adequate medical care are more significant

Geographically (see Fig 9) the death rates are lowest in the West Central States and highest in the Southwest, especially in Colorado Nevada, Arizona and New Mexico The states along

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<sup>1</sup> National Resources Committee *op cit* p 178

he Atlantic seaboard show a death rate slightly above the average. These rates represent fair comparisons because they are based on comparable ( standardized ) age sex populations and not on the actual population composition of the states. A map showing the life expectation would exhibit some reversed shadings, because mortality rates vary inversely with expectancy of life. The expectation of life at birth under the conditions prevailing in 1930, varied about 15 years between the best and the worst states. The highest mark was recorded at 65.6 years in South Dakota, and the lowest was 50.8 for New Mexico.<sup>1</sup> Persons living on farms live longer than those in the city. In 1930 the expectancy of life in the farms and villages was 63.6 as over against 58.9 in the towns and cities.<sup>2</sup>

Wide geographic variations exist for specific diseases. In some instances, however, the rates are misleading. For example the heaviest incidence of tuberculosis is found in Arizona, New Mexico, Tennessee, and Colorado. These states have a dry climate and are the areas to which persons afflicted with this disease migrate. Malaria, unlike tuberculosis, is not a fatal disease and is limited geographically. At one time the disease was distributed widely throughout the country; today it is found entirely in the Southeast and Southwest. In these areas the Negro rates are much higher than those for whites.<sup>3</sup> The racial factor as the explanation for the difference must be qualified in that the Negroes inhabit the lowland region where the disease is most common. Even for the venereal diseases, which are more prevalent among the Negroes than the whites, the extent to which the biological and economic social factors are causal is not known.<sup>4</sup>

The incidence of disease also varies with age. The communicable diseases have been largely peculiar to children. Whooping cough, measles, diphtheria, and scarlet fever are the chief examples of this type. Tuberculosis attacks people of all ages and

<sup>1</sup> L. I. Dublin and A. T. Lotka, *Length of Life*, The Ronald Press Company, New York, 1936, p. 87.

<sup>2</sup> W. F. Ogburn and M. F. Nimkoff, *Sociology*, Houghton Mifflin Company, Boston, 1940, pp. 492-493.

<sup>3</sup> National Resources Committee, *op cit*, p. 184.

<sup>4</sup> United States Public Health Service report on a survey of syphilis in Chicago, cited in the *Chicago Daily Tribune*, Dec. 28, 1939.

is fatal mainly in the years fifteen to fifty five. The diseases which appear to be mounting are those peculiar to older people. The causes of cancer and the degenerative diseases such as heart disease and nephritis are still obscure. Other diseases which attack primarily persons over the age of fifty five are diabetes and cerebral hemorrhage.

The more healthful environment and work in the open country account for the fact that states with a large rural population have low mortality rates and consequently the longest expectation of life. Yet in recent years cities have been closing the gap between urban and rural death rates. Since 1929 the urban infant mortality rate has fallen below that of the rural areas.<sup>1</sup> Apparently cities are providing more medical and hospital facilities and public health measures than rural communities. In cities, public health expenditures per person are much greater and private health organizations are more numerous. Urban health controls result in lower mortality rates in cities from influenza, smallpox, malaria, and dysentery. On the other hand, cities have higher rates for venereal diseases, tuberculosis, epidemic diseases, alcoholism, drug addiction, general paralysis, insanity, heart diseases, and cancer. The Committee on the Costs of Medical Care believes that illness rates are no greater in cities than in rural communities, but the evidence is still inconclusive.<sup>3</sup>

Ill health is closely related to economic status, as measured by family income. Generally the lower income groups have higher morbidity (sickness) rates. The national health survey made during 1935-1936 shows that of every twenty relief families, one family head was unable to work because of chronic disability. In nonrelief families earning less than \$1000 annually, one in thirty-three was unable to work for the same reason, while only one in 250 in the higher income families was so classified.<sup>4</sup> The average number of disabling cases in all income groups was about the same, but as is shown in Table XI, the number of

<sup>1</sup> National Resources Committee, *Our Cities: Their Role in the National Economy*, U. S. Government Printing Office, Washington, D. C., 1937, p. 12.

<sup>2</sup> *Ibid.*

<sup>3</sup> National Resources Committee, *Problems of a Changing Population*, p. 181.

<sup>4</sup> National Health Survey, *Illness and Medical Care in Relation to Economic Status*, Bulletin No. 2, 1935-1936, Washington, D. C., 1938.

<sup>5</sup> National Resources Committee, *Problems of a Changing Population*, p. 187.

days of disability in the lowest income groups was more than twice that in the highest

TABLE XI  
RELATIONSHIP BETWEEN DISABILITY AND INCOME

Annual Family Income	Annual Rate		
	Disabling Cases per Person	Days of Disability	
		Per Person	Per Disabling Case
Under \$1200	0.36	8.9	24.7
\$1200 to \$1999	37	5.7	15.4
\$2000 to \$2999	36	5.0	13.9
\$3000 and over	34	3.8	11.2

Wage earners ages 15-64 both sexes exclusive of farmers and farm laborers  
professional persons proprietors managers and officials

Among relief families there were 57 per cent more disabling illnesses lasting a week or more than among those with incomes over \$3000. The fact that disabling sickness lasted 63 per cent longer in relief families than among the richer families means that the rich secured more medical treatment.

Infant mortality rates vary according to family income. Robert M. Woodbury reports that the infant mortality rates for seven cities studied by the Children's Bureau showed that 167 babies die per 1000 live births among families with annual incomes of under \$450. The infant mortality rates decline progressively with the rise in income, so that families earning over \$1250 give their offspring more chances to survive — with an infant mortality of 59.<sup>1</sup>

Not only is health status related to economic status, but a marked downward change in economic status is reflected in a drastic health change. Among American income groups, the highest illness rate is shown by the group which was comfortable in 1929 and hardest hit by the depression. This group with a rate of 174 cases per 1000 persons showed an incidence of illness that was 45 per cent higher than the rate for their more fortunate neighbors who were equal in status in 1929 but suffered no drop in income by 1932.<sup>2</sup>

<sup>1</sup> Infant Mortality in the United States *The Annals of the American Academy of Political and Social Science* 1936 186-188 188

<sup>2</sup> *Ib id*

The comparisons of health status for different occupational groups show that agricultural workers have the lowest death rates. Mortality rates increase progressively in the following order: professional men, clerks, proprietors, managers, officials, skilled workers, foremen, semiskilled workers, and unskilled workers.<sup>1</sup> Factory and building construction workers have relatively high death rates, and the respiratory diseases are prevalent among workers in cigar making, the garment industry and foundry work. In the manufacture of paint, ethyl lead storage batteries, and ceramics, lead poisoning is still a considerable hazard, though phosphorus poisoning in matchmaking is past history. Industries using processes with chemical compounds carry the hazards of radium, carbon monoxide, benzene poisoning, X-ray burns, and silicosis. These occupational diseases form extremely important and complex problems in the field of medical research.

There also exists a relationship between nutrition and health. Though no single satisfactory index of physical well-being has been devised, the adequacy of diets is considered as one of the best. Medical men and biologists have demonstrated that the omission of certain nutrients from the diet may cause a disruption of life processes. However, little is known about the exact amount of each nutrient needed for the best possible health status. Usually children of the low-income families grow less rapidly and reach lower maximum heights than children in the better income families.<sup>2</sup> Certain diseases such as pellagra, rickets, scurvy, and beriberi are more numerous among the poor children for whom deficiencies in diet exist. Anemia among children may also be caused by inadequate nutrition.<sup>3</sup> The infectious diseases of early childhood are most severe in their attack when the health of the individual is low.

The nutritive value of a person's diet is related to his income. A minimum of \$100 per year will provide an individual with an adequate diet. The significance of this standard becomes apparent when it is realized that in 1935-1936 the nonrelief families in

<sup>1</sup> National Resources Committee, *Problems of a Changing Population*, p. 188.

<sup>2</sup> *Ibid.*, p. 178.

<sup>3</sup> J. S. McLester, "Nutrition and the Future of Man," *Journal of the American Medical Association*, June 1935, 105: 2144-2147.

<sup>4</sup> National Resources Committee, *op cit*, p. 178.

the South earned an annual average (median) income of about \$500<sup>1</sup> Throughout the nation more than two and a half million families earned less than \$500, with about one half of these receiving less than \$250 Many of these families contained five or more members<sup>2</sup> Undoubtedly adequate diets for a large portion of the population depend upon a more even distribution of income One governmental agency the Federal Surplus Commodities Corporation has attempted to provide better diets among relief families by supplementing relief payments with certain foodstuffs Another aid is the dissemination of knowledge of nutrition in food selection and preparation so that even the low income families can improve their health without spending more money for food

## PUBLIC HEALTH IN THE UNITED STATES

**Control and Prevention of Disease** The public health movement in applying the discoveries of medical science has played an important role in the progress in health Public health has been defined as the science and the art of preventing disease prolonging life and promoting physical health and efficiency through organized community efforts<sup>3</sup> In order to enable every citizen to realize his birthright of health and longevity<sup>4</sup> the goals of public health go beyond the strictly medical phase An emerging program is the provision of the social machinery which will ensure to every individual a standard of living adequate for the maintenance of health<sup>5</sup>

The first achievement and emphasis of public health was upon sanitation and the provision of a pure water supply Among most Americans this function is usually taken for granted Yet the development of modern sanitation is an important precondition to the existence of life in the city Years ago deaths in the cities of the Western world normally exceeded the births and large portions of city inhabitants were swept away by epidemics The provision of pure water the development of centralized sewage

<sup>1</sup> *Ibid* p 179

<sup>2</sup> National Resources Committee *Consumer Incomes in the United States* U S Government Printing Office Washington D C 1939 Appendix Table 9B p 97

E A Winslow quoted by Ira V Hiscock ed *Community Health Organization* New York 1932 p 13

<sup>4</sup> *Ibid*

<sup>5</sup> *Ibid*

and waste disposal and the insurance of a safe food supply were among the basic measures which lowered the death rate in cities. In Philadelphia for example sanitation measures were responsible for the marked decrease in typhoid fever cases. After a quarter century of many typhoid cases, Philadelphia reached the peak number of almost 10 000 in 1906. In that year filters were put into use and by 1913 typhoid cases fell to 1000. During 1913-1914 chlorination of the water supply was introduced and the number of cases dropped below 400 by 1920.<sup>1</sup>

The next stage in the development of public health was the control over communicable diseases. Vaccination, notification of cases and segregation of the sick helped to eradicate the bulk of smallpox cases. The partial conquest of typhoid fever came through improved sanitation, better water and milk supplies, and the identification of typhoid carriers. Tuberculosis is still a major cause of death but the number of lives taken by this disease has been reduced through the control of milk supplies, improved care of patients, and public health education.

The present program of public health has been broadened to include all diseases, and is engaged in the study of the basic factors in health. The conditions which lower vitality are receiving particular attention. Improper nutrition is being remedied by educational campaigns. The routine and strain of working conditions are subject to painstaking analysis. Much remains to be done about malaria which is one of the major diseases sapping the energy of millions of persons in restricted areas in the country. The extension of pure water facilities and other sanitation facilities to the rural areas of the South will prove effective. The high incidence of tuberculosis among young adults means that the control over this disease could result in enormous savings of vitality. The chief attack on this disease is directed toward the control of the conditions affecting susceptibility during the late teens and early twenties. In the field of the respiratory diseases besides the fatalities which result from the development of the common cold into pneumonia listlessness and discomfort are the usual accompaniments. At present there is much experimentation on the nature of virus infections from which many respiratory diseases result.

<sup>1</sup> National Resources Committee *Problems of a Changing Population* p. 169



The venereal diseases are also coming to be recognized as major problems in the public health field. The attack on syphilis for example is twofold. The aims are to control infections and to require the treatment of all those infected. No longer is the control and elimination of the dreadful venereal diseases a question of medical knowledge. Instead the need is simply one of public willingness to bring about legislation which will make this knowledge effective.<sup>1</sup> The widespread adoption of public health control in Sweden and Denmark has produced great reductions in this disease. Various localities in America have also taken advantage of similar programs, but generally we have been backward in extending measures of controlling venereal diseases. An encouraging prospect in the battle against syphilis and other venereal diseases is the enacting of state laws requiring premarital physical examinations and forbidding marriage of persons suffering from communicable venereal diseases.

Great progress in the prevention of infection, disease and epidemics is being made by the medical corps of the Army and Navy. The use of blood plasma has reduced deaths resulting from combat wounds to a negligible point. The sulpha drugs and penicillin have worked miracles in arresting infection, checking the spread of communicable diseases and reducing disabilities and deaths caused by venereal diseases. Unquestionably the willingness of the armed forces to carry research forward along with service and to narrow the time interval between the discovery and the application of medical knowledge, constitutes one of the few real wartime gains and presents a challenge to medicine on the home front.

**Governmental Responsibilities in Public Health** The chief power and obligation for public health rests with the government. As with public education, public health is primarily a function of the states, police and welfare powers. However the states have delegated much authority over public health affairs to the counties and especially the cities where community action is indispensable.

The United States Public Health Service is the major agency of the national government in public health. It is concerned largely with controlling the spread of disease through interstate

<sup>1</sup> National Resources Committee, *Problems of a Changing Population*, p. 173

commerce and the suppression of epidemics. The Public Health Service cooperates closely with state and local agencies in the development and extension of health facilities in outlying areas. Among its special activities are the investigation of diseases, education in public health, maintenance of marine hospitals, and the confinement of drug addicts. The Public Health Service has been largely responsible for impressing the nation with the tremendous waste involved in illness and premature death. Under the Social Security Act this agency has been given the power to dispose of \$8 000 000 to the various states on the basis of size, need, and special health problems. It is hoped that with the extension of the social security program to include insurance against sickness or temporary disability the Public Health Service will attempt to make local public health progress more adequate and uniform. There are other federal bureaus performing public functions in the Departments of Interior, Agriculture, and Labor. The best known of these are the Children's Bureau, the Food and Drugs Administration, and the Bureau of Home Economics.

All of the states have a department of public health which sets policies and regulations, issues licenses, and conducts hearings in violation cases. Among the specific duties of state health departments are the collection and analysis of vital statistics, the maintenance of a public health laboratory and nursing staff, sanitary engineering, industrial hygiene, and the supervision of foods. Perhaps the greatest influence of the state is its leadership in financing and coordinating the health programs in the counties. In times of emergency the state department may even assume control over the routine of the county health services. As a rule, though, state aid and control is seldom extended to city health departments.

Local control over public health is carried on by the counties, towns, and cities. The great need of county health departments is a full-time professional personnel. Many of the rural communities had been securing the most advanced public health facilities, but the depression stopped this extension. Generally, county health officers are poorly trained and underpaid, and the inadequacy of maternity, infant, and preschool hygiene services are very marked. To provide protective and preventive service

through the employment of a full time professional health officer some counties have pooled their health work. The counties in Vermont, Tennessee, and Michigan lead in this trend. Another development in local health administration has been regional organization. Large cities control their milk supply over wide areas often extending across state lines. Many communities within the orbit of a metropolitan city have found it economical to contract with the large city for their health services. A common inspectional service and jointly used and controlled hospitals are chief among these cooperative schemes.

The most elaborate public health program is found in the cities. The reasons for this are probably the absolute need for public supervision owing to congestion and the relatively greater wealth. At any rate, cities provide their inhabitants with more complex and specialized public and private health facilities than do counties or townships. The functions performed by the larger city health departments usually include the control over the entire food supply, a health education agency, institutions for the treatment of tuberculosis, diagnostic clinics, and even open air schoolrooms and summer camps. In recent years, with the widespread interest shown in the program for the treatment of pneumonia and the prevention of diphtheria, city public health departments have distributed free of charge serum, toxin, or toxin antitoxin. Public health nursing is so completely incorporated in city health programs that it uses about 50 per cent of the health budget.

One of the most vexing problems of public health is the provision of medical relief. The usual channels for this need are the hospitals, out-patient clinics, and home service. Hospitals share a large part of the burden of serving patients free of charge. In the State of New York, for example, when one sixth of the population were receiving relief, one half of the hospital patients were receiving free or part pay care.<sup>1</sup> During the years 1929-1935, free care in public general hospitals increased, while the number of patients in private institutions dropped slightly. The total volume of visits to public clinics also increased greatly in the decade preceding the depression. Visits by public health nurses

<sup>1</sup> Thomas Parran, Jr. quoted by I. S. Falk, *Health, Sickness and Social Security*, *National Municipal Review*, April 1936, 25, 235.

during the same period were reduced about 10 per cent but private health nurses actually made more visits in 1935 than they did in 1929. At all times private health nurses were serving more cases than public health nurses.

### PRIVATE MEDICAL CARE AND HEALTH FACILITIES

**The Nature of the Medical Profession** The picture of the family doctor is a familiar one. The personal relationship between the physician and patient is generally regarded as sacred. Yet in a day and age of medical specialization and expensive equipment for diagnosis and treatment the traditional notion of the family physician is increasingly difficult to maintain. People, especially the urban populations, are more mobile today than ever before. There are millions of Americans who know of no way, except on hearsay advice, to elect a physician in time of need. In spite of this situation clinics and hospitals are limited in the services and recommendations which can be extended to the patient.

The medical profession insists on its tie to the individual patient and also continues to cherish the notion of private enterprise. These conditions have aggravated the problem of serving the medical needs of many persons. The principle of mass production as applied to industry and business meant economies in unit production, but the application of inventions and increased specialization in medicine brought greater costs. Medical men must undergo longer periods of training, and the office of the modern physician needs to be equipped with the newest and usually expensive instruments. To pay for the extended education and the costly equipment fees are increased. This has meant that many general practitioners merely direct the family members to various specialists, and that the more specialized medical service costs more.

In adhering to the idea of private enterprise physicians do not accept all that the principle implies. The element of competition which is common to business enterprise is banned by the ethical code of the profession. Undoubtedly, this condition works to the advantage of the individual patient who is not regarded as a mere customer. Theoretically, medical ethics recognizes no dis

inction between individuals except as to their medical needs. The medical profession under private practice has voluntarily assumed the burden of those persons who cannot afford medical fees. Even the best medical specialists in all fields give their time and services to charity cases. Hours spent at the free clinic and the treatment of office patients who are unable to meet the doctor bill are ample testimony of the splendid work of the medical profession. But some students of the problems of health are asking this question: Why should the doctor be expected to do this? Even the doctor must make a living, and it isn't fair that he be expected to donate his services. More important, it must be recognized that even with all the free medical care, the available services are far too few to meet the need. Traditional medical practices have served to place the public under obligation to the medical profession, and thus give organized medicine a vested interest in the system of private practice of medicine.<sup>1</sup> It would seem that some reorganization in the practices of private medicine is needed to meet the health dilemma.

**Private Health Agencies** Public health functions performed by the various governments are supplemented by a variety of private associations and agencies. The chief fields of activity of these voluntary agencies are the provision of nurses, the education for the control of tuberculosis and child health. Generally, these activities are carried out through the coordinate plans of health councils which include municipal and school health departments, the medical profession, and social agencies.

The best known national council is the American Public Health Association. Other organizations are the American Social Hygiene Association, National Tuberculosis Association, American Society for the Control of Cancer, the American Heart Association, and the American Child Association. Some life insurance companies are also active in serving their policy holders with health information.

One of the outstanding achievements in private efforts for health service is the health center. This institution represents the coordination of all the agencies giving medical and social service to a local community. Cincinnati, Philadelphia, Pittsburgh, and Milwaukee were among the first cities to develop this

<sup>1</sup>Paul A. Dodd *op cit* p. 147

agency In recent years New York has established several health centers Boston has eight centers which house cooperating health and welfare agencies In Wilkes Barre Pennsylvania the health center serves the entire city Other demonstrations have been carried on through private initiative to determine the needs and effects of adequate health services The Metropolitan Life Insurance Company sponsored a program in Framingham, Massachusetts to combat tuberculosis but in time the idea was extended to include general health features In the main private agencies are notable for their pioneer work in health programs, and in their aid to programs under public auspices

**Industrial Health Programs** Considerable progress has been made in the field of industrial health in recent years Employees employers, and local communities have received the benefits from proper industrial medical care and education The extent and scope of such plans are not known but it is certain that only a minority of the industrial employees are affected and that there are still many possibilities for further developments The progress in this field appears to be dependent on the understanding employers have about the money they can save, and the good will they can create In some industries where the occupational hazards were normal, an estimated saving to the owners sponsoring a campaign for sickness and accident prevention has been set at approximately \$13,000 per 1000 workers <sup>1</sup>

The 'whirling steel' of modern industry produced many occupational accidents In the last quarter century or more before the 1910 decade occupational accidents ran near the million mark annually In addition, certain production processes were invented and new industries emerged which created many hazards for the worker To meet the acute and growing problem, factory legislation, employers liability and workmen's compensation laws were enacted As a result, many hazards were eliminated and workers were given some economic security when they met with accidents Safety devices and specially designed machinery were installed Plants were reorganized and educational campaigns were introduced In some instances workers were provided with safety devices, such as glasses or headgears

<sup>1</sup> Dean K. Brundage An Estimate of the Monetary Value to Industry of Plant Medical and Safety Services *Public Health Reports* Aug 21 1936 51 1145-1159

and tests were even conducted to identify and eliminate those employees who were prone to accidents. An important development was the repudiation of the traditional common law defense of the employer that the worker assumed the risks of accidents due to the negligence of his fellow workers and had an equality of power to redress his grievances against the owner. Instead, it became legal to hold the owner responsible for the workers' accidents which occurred while at work or any sickness caused by conditions of work.

**Private Cooperative Health Programs** Medical care is a problem for the bulk of the population. It is estimated that at any given time there are about three disabling illnesses among each 100 population. The annual bill for medical care in the nation, shown in Table XII, is approximately three and a half

TABLE XII<sup>1</sup>  
TOTAL EXPENDITURES FOR MEDICAL CARE  
(IN THOUSANDS OF DOLLARS)

Service	Total	Sources of Funds			
		Patients	Governments	Philanthropy	Industry
Physicians in private practice	1 090 000	1 040 000			50 000
Dentists in private practice	445 000	445 000			
Secondary and sectarian practitioners	193 000	193 000			
Graduate nurses private duty	142 000	142 000			
Practical nurses private duty	60 000	60 000			
Hospitals operating expenses	656 000	278 000	300 000	54 000	24 000
Hospitals new construction	200 000		100 000	100 000	
Public health	121 000		93 500	27 500	
Private laboratories	3 000	3 000			
Orthopedic and other supplies	2 000	2 000			
Glasses*	50 000	50 000			
Drugs*	665 000	665 000			
Organized medical services	29 000	7 790	16 000	210	5 000
Total	3 656 000	2 885 790	509 500	181 710	79 000

Includes only those expenditures not included in other items

<sup>1</sup> From *Medical Care for the American People: The Final Report of the Committee on the Costs of Medical Care* (1932) p. 14 from *Problems of a Changing Population* National Resources Committee 1938 p. 168. The data with a few minor exceptions apply to the year 1929.

billion dollars with 30 per cent of this amount paid to physicians 24 per cent to hospitals 19 per cent to medicines 12 per cent to dentists 5 per cent to nurses 3 per cent to public health work and 7 per cent for all other purposes Coupled with the unpredictable nature of sickness and accidents most families even those of moderate incomes are unable to budget for medical services

To meet this difficulty a variety of voluntary schemes have been developed among cooperating private individuals The usual plan is for an economically homogeneous group, such as teachers to contribute a small, fixed sum against the need of drawing a relatively larger sum from the common fund The underlying principle is the same as in any insurance plan in which the common risk is spread among a large number of persons An example of this experiment is the cooperative hospital plan A premium of about \$10 enables a person to get hospital care (namely semiprivate room use of the operating room and anesthesia) for a maximum of twenty one days in any one year The cooperating member can even enlist other family members in the plan for smaller additional sums In some instances an elaborate health program is made available through the cooperative group Thus the cost of surgery, physician's fee, medicines, clinical and nurse services, and even a sick benefit can be purchased A favorable feature of these plans is the choice a person can make regarding his attending physician and hospital Yet the value of the cooperative hospital and health plans are definitely limited among the groups which are small and poor and who cannot, therefore, carry the burden to provide adequate benefits

**Drugs and Medicines** Americans spend more than \$715 000 000 annually for drugs and medicines, which are purchased directly from retail druggists or general merchants<sup>1</sup> Less than \$175 000,000 of this total amount is spent for drugs and medicines prescribed by physicians or hospitals It is estimated that each of the 132 000 trained pharmacists in the United States compounds on the average about 1200 prescriptions per year although the pharmacist could very well prepare ten times this number without lowering the quality of the product

<sup>1</sup> Committee on the Costs of Medical Care *Medical Care for the American People*



As a result the pharmacist is usually forced to convert his drug store into a department store where all kinds of wares and patent medicines are sold. Many times the pharmacist prescribes a patent medicine as a cure all and certainly many patients make a self diagnosis of their disease or sickness. The Committee on the Costs of Medical Care estimated that the annual sales of patent medicines amount to \$360 000,000 of the total spent for all medical service and commodities. The Committee even declared that most of the money spent for patent medicines is wasted.<sup>1</sup>

Since 1927, when Stuart Chase and F. J. Schlink published *Our Money's Worth* there has been a flood of literature on the dangers to health in the use of many drugs especially patent medicines. The 1938 Wheeler Lea Amendment to the Federal Trade Commission Act which regulates advertising and unfair or deceptive acts or practices in interstate commerce was one milestone in protecting the health of consumers. The Food Drug and Cosmetics Act of 1938 which repealed the outmoded provisions of the 1906 Act provides for regulation in keeping with present day requirements.<sup>2</sup> These measures will be discussed in a subsequent chapter, but it is important to note at this point that the Federal government has attempted to control patent medicines in the best interests of the public and the individual. Also important is the legislation enacted by individual states to cover the activities which the interstate power of the Federal government is unable to control. The state of North Dakota offers an excellent example where the drug laws are up to date and are designed to safeguard the consumer.<sup>3</sup>

**Medical Quackery** There are many people who patronize substandard practitioners because of the cost or the quality of normal channels of medical care. It is estimated that from 3 to 5 per cent of the total expenditures for medical care are paid to one or another type of substandard practitioners.<sup>4</sup> Osteopaths are used extensively in the northern states and number nearly 8000 throughout the United States. Although the last two

<sup>1</sup> *Ibid* p. 29

<sup>2</sup> *Consumers Guide* V 5 June 1938

*Ibid* V 9 Oct 1938

<sup>4</sup> Committee on Costs of Medical Care *Medical Care for the American People* Chap. 1

decades have witnessed a decided advance in the quality and length of osteopathic education the osteopaths as a group are not now as well qualified as doctors of medicine and act as a factor diluting the quality of care available to the American people <sup>1</sup>

There are almost twice as many chiropractors as osteopaths and as a group the chiropractors are far more ignorant and incompetent <sup>2</sup> The most recent and accurate study reveals that the theory and practice of chiropractic has no scientific basis whatsoever for treatment except perhaps the value of suggestion <sup>3</sup>

Another brand of substandard practitioners are the 2500 drugless healers who pass under a score of names and are generally characterized by ignorance and charlatanism <sup>4</sup>

In 1931 there were about 9000 Christian Science practitioners and many other religious healers Perhaps some of these are able to secure beneficial results in cases where emotional factors play a major role in the disease but the great danger in the use of these practitioners comes when the actual nature of the sickness has not been determined by medical diagnosis

Probably 15 per cent of all child deliveries in the United States are attended by the nation's 47 000 midwives <sup>6</sup> This is especially true among the Negroes and the Mexicans In the southern states the midwife probably delivers one of every three babies Generally the midwives are illiterate dirty untrained suspicious, and superstitious <sup>7</sup> though a few states have been licensing, supervising and requiring some educational training of midwives

## HEALTH SECURITY IN AMERICA

**Unequal Distribution of Health Facilities** One of the aggravating factors in the effort to secure adequate health is the variation of facilities for medical care and treatment The supply of physicians in the nation is adequate but their uneven distribution is a cause of poorly organized medical services In San Francisco County California, for example there is one doctor for every 425 persons, while in Imperial County in the same state

<sup>1</sup> Committee on Costs of Medical Care *Medical Care for the American People* Chap 1 <sup>2</sup> *Ibid* <sup>3</sup> *Ibid* <sup>4</sup> *Ibid* <sup>5</sup> *Ibid* <sup>6</sup> *Ibid* <sup>7</sup> *Ibid*

there is one for every 1924 persons<sup>1</sup> The search for high incomes has led to a relative concentration of physicians in the larger cities This is especially true of the younger doctors Some persons disagree with the statement that there is an oversupply of doctors in the larger cities and an undersupply in the towns and open country nevertheless the fourteen most urban states in 1927 had 149 doctors for every 100 000 population while the fourteen least urban states had a ratio of 92<sup>2</sup> Dentists are also unevenly distributed California, for example had 103 dentists per 100,000 population while Mississippi had only 19 in 1928<sup>3</sup> The expenditure for dental care among a large proportion of American families is extremely low

Probably over 60 per cent of the sum spent for dental service comes from those who earn \$3000 or more annually<sup>4</sup> Many dentists have a large portion of their time unused and this waste could be utilized to great advantage if there were a greater understanding of the value of regular periodic dental care Obviously, the economic factor is a serious deterrent but it is likely that many poor persons could take advantage of adequate dental services at relatively low costs if through periodic dental examinations they could prevent serious dental defects

It should not be inferred from the previous section on private health facilities that the physicians of the country are reaping great rewards through their 'vested interest' Actually many doctors have meager incomes and some of them were on the relief rolls Half of the doctors in California, a state ranking fourth highest in per capita income were earning less than \$2700 each during 1933<sup>5</sup> It is possible that a shift of some doctors to the rural areas of the nation would augment their earnings and make their services accessible in needy areas

The marked increase in the number of nurses since 1900 has not been without its problem A more uneven distribution pre

<sup>1</sup> L. Mayers and L. V. Harrison *The Distribution of Physicians in the United States* General Education Board New York 1924 pp 164 171 Quoted by A. Peebles *A Survey of Statistical Data on Medical Facilities in the United States* Committee on the Cost of Medical Care Washington D. C. 1929 Publication No 3 pp 22-26

<sup>2</sup> *Ibid*

<sup>3</sup> Committee on the Costs of Medical Care *Medical Care for the American People* Chap 1

<sup>4</sup> *Ibid*

<sup>5</sup> Paul A. Dodd *op cit* p 149

vailed among the nurses than among doctors. In 1920 the fourteen most urban states had more than twice as many nurses per 100 000 population as the fourteen least urban states (206 84).<sup>1</sup> Hospitals, too, have a strategic influence in providing adequate health service, but the provision of hospital beds portrays a similar variation. With two beds per 1000 population assumed as a reasonable minimum, the range is from 1.4 beds in Mississippi to 6.5 in Colorado.<sup>2</sup> Eight states are below the minimum and altogether over 31 000 000 persons live in areas with less than the minimum number of hospital beds and are at least fifty miles away from any important hospital center.<sup>3</sup>

World War II has already had some serious effects on health facilities. By the end of 1942, more than 40,000 of the nation's 116,000 physicians were drawn into the Army and Navy. A large drain was made also upon nurses and other medical technicians, although relatively few dentists have been affected. The sudden growth of war industry in large cities and in smaller cities and towns, as well as the erection of army camps, has served to shift and concentrate population, creating serious problems of public health and medical care. War boom towns have felt the shortage of physicians and inadequate hospital and sanitation facilities. Cooperation from the United States Public Health Service and the Army and Navy in relocating physicians, conducting research, and in the use of their excellent equipment has helped to minimize health problems.

**Proposals for Adequate Medical Care** The task of considering the means of advancing the health of the nation is dependent upon (1) the quality of scientific research, (2) efficiency in the organization and administration of health services, and (3) adequacy of economic support for those services.<sup>4</sup>

The contributions of medical research are well known. The germ theory and the discovery of vaccines and toxins have been the bases for the great advances in public health. Though the most important methods of attack in the control over disease were in their infancy only fifty years ago, new research knowledge

<sup>1</sup> Arthur Hillman, *Public Health in the Urban Community*, unpublished manuscript of the Research Committee on Urbanism, National Resources Committee, 1936, p. 42.

National Resources Committee, *Problems of a Changing Population*, p. 190.

Arthur Hillman, *op cit*, p. 45.

<sup>4</sup> National Resources Committee, *Problems of a Changing Population*, p. 190.

and methods in practice are appearing constantly. There is the reasonable prospect that discoveries in the fields of the chemical, physical, and biological sciences will parallel the advances in medical science. In fact, more exact knowledge in the psychological and social sciences will aid in the understanding of certain aspects of health and mental disease. For instance, studies have been and are being conducted to discover the relationship of various occupations, areas of life, and life experiences to nervous breakdown or serious mental illness.

The discoveries of medical science, such as toxins and serums, have helped the program of preventive medicine. Much remains to be done in extending the use of preventive health measures in private medical practice and in public health work. Physicians are being encouraged to give their patients more instruction and guidance in the basic principles of personal hygiene. Public health agencies have already made great advances in the application of preventive medicine through the collection of vital statistics and the control of sanitation and water, milk, and food supplies. A promising field is the popular health education which the schools can carry on in conjunction with the public health agencies.

There is no doubt that the nation possesses the resources, ability, and the technical experience necessary to cope with the problem of providing adequate medical care. The Committee on the Costs of Medical Care conducted a five-year study to determine what reorganization of the health facilities could be made to provide for adequate economic support. In the final report presented in 1932, the Committee made two main recommendations.<sup>1</sup> The first, dealing with the uneven incidence of health costs among American families, held that group payments for health was desirable. The second recommendation was that both preventive and therapeutic medical service should be provided largely by organized groups of doctors and other associated personnel attached to a hospital prepared to render every available service.

These recommendations met with a great deal of criticism from some Committee members. Some held that the proposals were too extreme and that the extent of reorganization of medi-

<sup>1</sup> Committee on the Costs of Medical Care, *op cit*, p. 109.

cal service should be that of fostering some voluntary group facilities. Others thought that the recommendations were inadequate because they failed to deal with the fundamental economic questions involved.

The most controversial issue in the field of health centers around the proposal that America should commit herself to the principle of compulsory health insurance. Dr. Henry E. Sigerist, professor of the History of Medicine in Johns Hopkins University, maintains that though compulsory health insurance is by no means a panacea and does not itself guarantee good health (it is an insurance against the unpredictable economic risk caused by illness).<sup>1</sup> Though the poor receive a considerable amount of medical care on a charity basis, the burden falls unequally upon different physicians, and furthermore does not begin to extend adequate medical care to all groups in the population. The situation is desperate even for those with moderate incomes who hesitate to accept charity service and yet cannot meet the payments for adequate medical care in case of protracted illness.<sup>2</sup>

The opponents of compulsory health insurance have made clear their viewpoints. Dr. Terry M. Townsend, president of the Medical Society of the State of New York, may be taken as a representative spokesman of this group. He maintains (1) that Americans abhor compulsion, (2) that the scheme is no insurance at all but is a sickness tax, (3) that the workman will be further burdened with taxes which cannot be levied on the unemployed and the self-employed, and in this way the plan is discriminating and inequitable, (4) that the administrative costs of compulsory health insurance, and the red tape connected with the bureaucratic machinery needed to administer the plan, are time and money wasting, (5) that the free choice of physicians and the traditional intimate relationship between doctor and patient will be destroyed, and (6) that American private medical services recognize the present inadequacies in the distribution of medical care and will continue to extend free services wherever needed.

<sup>1</sup> Reprinted from *Town Meeting* bulletin of America's Town Meeting of the Air 5:15 p. 4. Columbia University Press, New York. Speakers: Dr. Henry E. Sigerist, Dr. Terry M. Townsend, Dr. C. E. A. Winslow.

<sup>2</sup> National Resources Committee, *Problems of a Changing Population*, p. 191.

It is not necessary to continue the argument over the value and need of a compulsory health program. The issue will continue to be discussed in the public forum by experts in the field. Both views have merits which cannot be easily dismissed or overlooked. Yet the inevitability of a compulsory health insurance plan is part of the trend of all kinds of insurance plans, namely, unemployment insurance, old age insurance, and so forth. This is an age of strong feelings of insecurity and, as a result, strong demands for the public provision of security.

There are two broad methods of meeting the problem of health risks and inadequate medical services. Public health services offer great possibilities. The most radical change proposed in the role of public health is public medicine. Through this method, medical care would be available on the same basis as public education. Public medical services would be extended to most of the population by means of health measures financed through general tax funds. One argument offered in defense of this program is the allegation that at the present time private physicians do not bear their share of the responsibility for public health services, and in fact, some physicians feel that their private practice is cut down by public health programs. However, the medical profession represents an important vested interest and is generally opposed to this plan. Furthermore, the tendency of many Americans to cherish the traditional family doctor notion makes the prospects of acceptance of such a scheme very slender in the near future.

A more moderate proposal in the field of public health is to coordinate further present private medical practice with public health. Thus, the government would provide the private physician with the laboratory, hospital, and other expensive facilities for the treatment of his patients. In this way, the low income group could be given the most advanced care. Public agencies, however, already spend more than one-half billion dollars annually. The extension and the improvement indicated in this proposal would probably involve an additional three billion dollars each year.

Such a program is represented by the Wagner-Murray-Dingell Bill, which was introduced in Congress in June, 1943. The prime purpose of the bill is to extend medical care and hospitalization

services to the broad masses of low and moderate income groups within an enlarged framework of our Social Security Law. All phases of our Social Security Law, including medical care, would be financed by a single payroll deduction of six per cent from employees with incomes under \$3000 and a corresponding amount from employers. Persons with incomes over \$3000 would be eligible for service, but wages or earnings over \$3000 would not be considered in computing payroll deductions. Self-employed persons would pay 7 per cent of the market value of their services. War veterans would be covered also, and their insurance payments would be paid by the Federal government. Additional governmental contributions are authorized if required, and the costs of administering the program by the Social Security Board and the Public Health Service could be paid out of government funds. If adopted by Congress, the bill would go into effect some time after the first year of payments, but not later than six months after the end of the war. It is estimated that approximately 100,000,000 persons would benefit from the bill, including domestic servants, farm workers, dependent wives and minor children, the self-employed, and under certain conditions, employees of state, county, and city branches of government.

The Surgeon General of the Public Health Service is given the responsibility for the professional and technical aspects, including the right to make and publish rules, subject to the approval of the Federal Security Administrator. The administrative and financial aspects are given to the Social Security Board. In addition, the Surgeon General, as chairman, would appoint a body of fifteen persons to act as a National Advisory Council. Another interesting feature is the right of the Surgeon General to make grants in aid to needy non-profit institutions engaged in medical research or education.

The medical insurance fund thus established, estimated at approximately 3 billion dollars annually, would be used to provide medical care by general physicians and specialists, hospitalization, and necessary laboratory work. The Surgeon General would establish standards whereby physicians, hospitals, and clinics could become eligible to participate in the program, and an eligible patient would be allowed his own choice of physician or hospital.



It is possible and indeed desirable that a nation wide health insurance plan be combined with the present system of private medical care aided by governmentally financed facilities. Such a program could be launched without destroying the advantages of competition for quality of service, personal relationship between doctor and patient and professional initiative, which seem to be so characteristically American.<sup>1</sup> This would be a recognition of the fact that

The present system of private practice has failed to make adjustments commensurate with the development of medical science. Since health is a matter of public concern it is a function of the government to reorganize the system to the point at which public welfare is most benefited.

The whole population must secure adequate preventive and therapeutic medical care before we can have health security. There is little prospect that this can be achieved without public intervention including governmental aid to those unable to bear the cost individually.

#### TERMS TO BE UNDERSTOOD

communicable disease	occupational disease
mortality rate	the health center
morbidity rate	medical ethics
standardized rate	industrial hygiene
expectation of life	mental hygiene
degenerative diseases	industrial accidents
infant mortality rate	cooperative hospital and
public health	health plans
regional health organizations	public medicine
compulsory health insurance	preventive medicine

#### QUESTIONS FOR DISCUSSION

- 1 If you were a child in what area rural or urban would your health be best protected? Why?
- 2 In what respects can it be said that our health status depends on social and economic factors?
- 3 For what age groups has medical science done least to reduce disease and death? How do you account for this?
- 4 What role has public health played in advancing the health record of the nation? What can public health do to improve health?

<sup>1</sup> Paul A. Dodd *op cit* p 155

*Ibid* pp 153-154

- 5 If you were to debate a representative of the American Medical Association what would you say on the question Resolved That public medicine is needed in America ?
- 6 What are the values attributed to private medical care?
- 7 What are the major health activities carried on by (a) the Federal government (b) your state (c) your county (d) your city?
- 8 What are the major causes of death of the American people?
- 9 What are the major diseases from which the American people suffer? Are the most frequent diseases the most important diseases?
- 10 In what respects do (a) the hazards of health (b) the safeguards against sickness (c) the methods of dealing with health problems today differ from those of a generation ago and from those of a century ago?

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## CHAPTER 6

### LEISURE AND RECREATION

**The Need for Recreation** Primitive people do not need recreation. They do not have to break away from work to seek their freedom. Not that they are free from the customs of their group. As a matter of fact, their freedom is more limited than ours. Freedom comes with civilization. Primitives do not even understand what freedom means. They certainly do not appreciate its far reaching influence. Yet primitives have advantages which modern man is denied. They do not engage in work which is simultaneously boring, confining, and exhausting. They enjoy their work because they combine what we call recreation with it. Songs, games, ceremonials accompany their work. Furthermore, they have no hours for hunting or fishing. Hence they do not speak of work hours or leisure time. They have no work whose meaning they do not understand and whose goals they cannot foresee. Hence they need no recreation.

It is sometimes said that the Industrial Revolution brought civilization with it. That is true, but it also brought other things. In the first place, it has made competition keener. Of course it did not do so all at once. The industrial improvements which changed our mode of living crept in slowly, almost surreptitiously. As competition due to machine production began to be felt in industrial centers, some men began to escape from the cities to the wide open spaces. They built their homes there and stayed. Then immigrants came in to replace them. Driven by the rising costs of living, city workers crossed the Alleghenies. Then they crossed the Rockies. Then they overran California and the Southwest. They kept pushing the frontier ahead, until the frontier was no more. Once unoccupied lands were occupied. The forests were cleared, in some cases denuded. Wild life was destroyed. The marshes were dried. Whither now? Back to the cities, ultimately, where competition was getting more and

more severe. The drift from the land to the cities began to increase steadily.

Another effect of the Industrial Revolution is found in the increased tempo of life and the drudgery of work. Driven by unavoidable competition, man had to speed up not only production but all his undertakings. Unable to envisage the end result of his work, because machine production meant specialized production, modern man lost interest in his work. Thus his work became drudgery to him. There are two evidences of this. One of these is the increased number of mental and nervous breakdowns. In the state of Illinois alone the number of inmates in hospitals for the insane has doubled in the last twenty-five years. Another is the growth in number of heart failures. In 1900, 137 people in each 1000 population died of heart disease. The increase, as seen in the statistics of the last few years, is phenomenal. With the death rate generally falling, the Chicago Heart Association has reported the following statistics for people who died between 1933 and 1938:

TABLE XIII

<i>Year</i>	<i>Heart Diseases Per Cent</i>	<i>Other Diseases Per Cent</i>
1933	25.7	74.3
1934	26.6	73.4
1935	28.5	71.5
1936	30.7	69.3
1937	31.2	68.8
1938	32.5	67.5

As compared with 1900, this shows an increase of almost 19 per cent in those destroyed by heart disease itself due to the strain and stress of modern existence.

The two effects thus far reviewed seem to be anything but desirable. It is well known, however, that the Industrial Revolution did not bring us sorrow alone. In many respects it has helped to make life richer and fuller than it had been. Not to mention the higher standard of living, easily the most important contribution made by the machine, we might call attention to the shortened hours of employment and the longer leisure hours.

it has brought humanity. Whereas three and even two generations ago men toiled fourteen hours, slept eight, and had but two hours leisure left, they now have eight hours for each work, sleep, and leisure. Thus the Industrial Revolution has emancipated man from the drudgery of work by forcing greater drudgery upon him. But it has shortened the hours of drudgery.

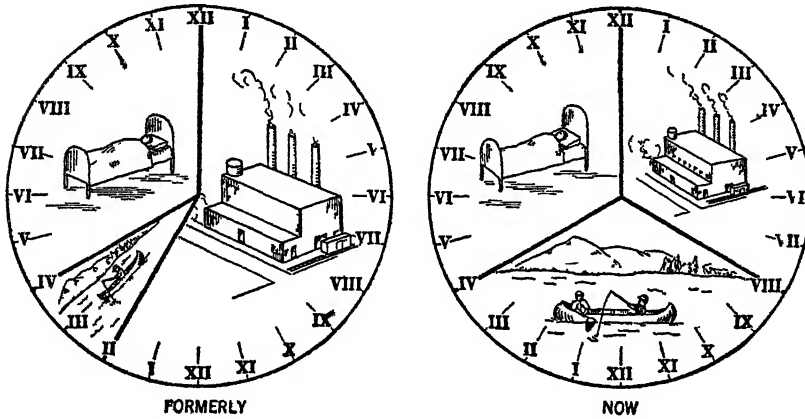


FIG 10 WORK LEISURE SLEEP (after Neurath)

It had to shorten them. With the tightening of industrial discipline, with speed up methods forcing greater and greater exertion, industry and commerce have begun to introduce vacation periods (generally with pay) during which employees can relieve themselves of tensions acquired while at work. This is for the good of industry no less than for the good of the worker. The question still remaining is what to do with the increased hours of leisure. There are a few men among us whose work, like that of the primitive, is creative, and enjoyable. Their leisure is filled with the same kind of work as they do in their hours of employment or in the course of their professional routine. But most people are not that well off. To them the hours of leisure are more of a challenge than a privilege. (See Fig 10.)

To ask how people spend their leisure hours is to speak of two diverse trends in our population. The well to do have access to private pools, private aviation, and what one sociologist has called 'a long stairway of contact institutions.' These include music, art, literature, tennis, golf, professional sports, cultural

clubs, and so forth. The man of small means was at one time able to get his two hours' leisure spent in a quiet walk along the country road, a visit to the neighborhood store or the railroad station, and simple house parties (spelling bees, dances, etc.). The young would find enjoyment in the old swimming hole. No longer is the country road safe. City flats are too small for entertainment. The corner store does not encourage loitering by older people. The railroad station has ceased to be a source of stimulation and wonder and is no longer available to city folk. The swimming hole is no more. Thus the poor must grasp and cling to, the few things remaining. The gasoline box, propelled on wheels, is not primarily a sign of prosperity and a source of status, but a means of escaping from home in one's hours of leisure. Only one family in five owns a gasoline box, however. How does the rest of America use its leisure? Some use intoxicants. Others use commercialized amusement agencies.

**Is Commercialized Amusement Recreation?** Commercialized amusements are the answer to the need of the average man for worthwhile activities in his leisure hours. There are two reasons for their popularity. In the first place, they require no exertion and, to those laboring under strain, they seem to offer a solution to the leisure problem. In the second place, municipalities and states until recently did very little to replace the waning leisure time activities of previous generations. It has been estimated that commercialized amusements have a total intake of ten to twenty billion dollars a year. One sociologist, J. F. Steiner, estimating the cost to be only ten billions, left out candy, gum, tobacco, liquor, prostitution, and gambling. Admissions to places of amusement alone, estimated from records of receipts, total well over two billion one million dollars per year.

There is the cabaret. In Europe this is a fairly reputable institution, but in America debutantes and prostitutes, college boys and criminals rub shoulders with each other, as if they had a common interest in the cabaret. The chief offerings of a cabaret are drinks, gambling, and dancing. There is a very close alliance with vice. Walter Reckless, sociologist, in a study of cabarets, found their locations to coincide with those of vice resorts in 89 per cent of the cases. Cabarets are owned by

criminal elements who are primarily interested in gambling. Hence it is they who give tone to these places of amusement.

There is the night club. A night club is a cabaret with looser standards. The hostesses who are assigned to entertain guests in night clubs are seldom desirable company. They eat fancy foods, help guests gulp down their liquor unafraid, and carry on a line of small talk which is supposed to chase away the blues. Of 373 clubs investigated by the Committee of Fourteen in metropolitan New York, only 52 were called respectable. About 800 women interviewed in these clubs amply justified the suspicion long expressed by students of these institutions that night clubs are lineal descendants of the old disorderly house.

There is the roadhouse too. The distinguishing feature of this institution is the small amount of control exercised over it by the authorities. Control by municipal government is of course impossible, because of the location of these institutions outside of city boundaries. Control by state and county authorities is either lax or absent. The reason for this is that roadhouses are a vital source of revenue, and any kind of control would threaten their existence. Drunkenness, sex delinquency, and gambling are rife. Vicious and criminal elements are in full control. In a study of 171 roadhouses made in the Chicago area a few years ago, it was found that prostitution was either practiced or encouraged by various means in about 25 per cent of them. Public dance halls, taxi dance halls, taverns, burlesques, and brothels could be brought in to complete the picture of commercialized amusements of a more venal sort, but the point is clear. They are not recreational in nature.

Turning to commercialized amusements of a more acceptable type, we take up the movies first. The industry represents a total investment of two billion dollars. A few years ago the number of moving picture theaters in the United States exceeded twenty-three thousand. The seating capacity was estimated to be around eleven and a half million. There is an estimated weekly attendance of between 100-150 million people in moving picture theaters, a number roughly equal to that of the entire population of the United States. This does not mean that everyone in this country goes to movies at least once a week. It means that many individuals attend movies more than once a week.

Radio is a largely commercialized form of amusement which exercises a tremendous influence on its listeners. There were thirty seven million radios in American homes in 1939. These are more used than books. In New York City high school students have been found to spend on the average two hours a day listening to radio programs but only one hour and twenty minutes reading. Nearly all youths listen to radios to some extent, but only 2 per cent a study showed listen to forums or educational programs. Lumley<sup>1</sup> reports the following order of public preference in listening to radio

1 popular music	5 classical music	9 educational talks
2 comedy	6 talks in general	10 children s programs
3 drama	7 religious programs	11 special features
4 sports	8 news and markets	12 women s programs

This order is based on a study made in 1934. With the possible exception of news (due to the war situation) and popular music it is probably much the same now as it was then. The important fact is that the radio is not used for recreational purposes *primarily*. Not that recreation could not be made entertaining but radio entertainment is not always recreational. Of course no radio program could ever replace even when television is inducted into use the direct influence of one person on another. This is indeed its greatest drawback as an agency of recreation. It is the same drawback which must be charged to movies as well. The radio and movies alike keep individuals from social contact and its enormous effect on personal development. They further more keep individuals indoors. They keep them passive. If they thus compete unduly with more desirable forms of recreation it is not because they are more valuable but because they are more effective in attracting audiences. And they are more effective because they exploit the well known principle of least resistance.

**What Is Recreation?** Commercial amusements are not the only false gods at whose shrines people in need of recreation worship in vain. Some people believe that idling is a form of recreation. R. L. Stevenson wrote a magnificent essay in defense of the idler but idling is far from serving recreational ends.

<sup>1</sup> F. E. Lumley *Measurement in Radio* Ohio State University 1934



The reason for it is that it does nothing constructive for the individual concerned. It does not slow down the tempo of life and it does not release the strain created by the tempo. Rest when used as a synonym for recreation is clearly a misnomer. As E. A. Ross once said: "What the worker covets is not rest else why not lounge away his holiday on the back porch?" Neither is change of activity recreation. A doctor who does janitorial work on his vacation may or may not get what he needs in recreation. A hotel clerk may not feel that working as a stevedore is recreation to him. A piano mover who does a teamster's work for a change will not find that he has gotten recreation. Mere change of scenery is not recreation. The infant industry of Callander, Canada, where the quints are kept on display and where Americans go to spend twenty five million dollars yearly, is hardly a form of recreation, interesting though it is.

Of all the antonyms of recreation, play is probably the most popular. There are three theories of play. One of these proposed by Schiller and Spencer<sup>1</sup> is known as the surplus energy theory. This theory asserts that people play because they must drain off the energy left after they have attended to the necessities of life. In regard to this, a social worker, Joseph Lee, once said: "Yes, the boy plays because of surplus energy, and Raphael painted his *Sistine Madonna* because of surplus paint." Another theory was proposed by Groos<sup>2</sup> who held that play is an instinct inherited by animals to serve the purpose of education. The animal, according to Groos, has a period of adolescence in order to play. The criticism of this theory is that (a) there are no instincts recognized by psychologists and (b) if there were some instincts, education would have to take care of them instead of letting them take care of education. A third theory, sponsored by G. S. Hall<sup>3</sup>, an American psychologist, is based on the principle of recapitulation. Hall believed that play is a characteristic symptom of development. He saw in it a stage in the development of the individual which corresponds to the develop-

<sup>1</sup> See J. F. Steiner, *Community Organization*, D. Appleton Century Company, New York, 1930.

<sup>2</sup> Karl Groos, *The Play of Man* (tr. by E. L. Baldwin), New York, 1901.

<sup>3</sup> G. S. Hall, *Youth: Its Education, Regimen and Hygiene*, New York, 1906.

ment of the human race. In other words, he said that if the race passed through a period of savagery, individuals must pass through the period of play. The difficulty with this theory is that recapitulation as such is no longer accepted in psychology. Man does not repeat the history of the race in his own growth. Furthermore, play activities continue too long for one to limit them to a special period of life. The only theory we might accept is that play is an activity itself. When we do something for its own sake, we play. The millions who have hobbies, such as collecting, are engaged in play. The nature of play makes no difference, as long as it is aimless, not practical. Play may serve as a retreat from reality and as a relief from strain, but it is not recreation. Play, by definition, has no aim, and recreation should have one.

Appreciating the need for recreation, knowing the extent of that need, understanding what is not recreation, suggests what recreation ought to be. Recreation properly defined means re-creation. It means release from the tensions created by modern industrial competition. It means the return of neglected opportunities to those who had no time to utilize opportunities when they did come. It means greater self-realization, the expression of balked desires through participation in meaningful social activity.

Not all types of recreation are equally valuable to all people. Psychologists have discovered that pleasing, well-balanced personalities are a matter of habit and skill which can be deliberately cultivated. Games and amusements can be used to cultivate such personalities. Now we know that certain of these contribute much to this goal, others little. Amusements contributing most are those involving activity and physical exercise. Concentrating on one or two athletic sports is less desirable than concentrating on five or six, because variety helps one secure continuous activity of this kind. The more games, too, the more friends and acquaintances one gets. Indoor amusements, such as parties, dancing, bridge, ping pong, and billiards, are clearly recreational. They all require action, association with other human beings, and, above all, an interchange of emotional influence which is highly beneficial. Anger, laughter, fear—all these must and can receive expression through proper amusements.

Dancing and bridge are among the most desirable forms of recreation for these reasons. In addition they promote poise and provide relaxation. Listening to radios attending movies not to mention some other types of commercialized amusements, do not accomplish these ends.

In our schools we do not help people develop proper recreational outlets. Perhaps that is why for every dollar spent for liquor, Americans spend a penny for athletic goods. We teach football basketball track running but we teach them to a small group of keenly interested youngsters. The vast majority are taught to be receptive not to participate actively. Even the small group that learns these skills however loses them by and by, because in adult life they are seldom available as outlets. Most people thus become the victims of two dread illnesses spectatoritis and listeneritis. Neither of these is recreation. Watching and listening to fun is not the same as having it. Tennis golf, swimming are not receiving enough if any attention in our schools. These skills could last us through life. They could serve the ends of recreation.

In summarizing we can say that proper recreation must have four goals. All of them must be met if recreation is to be recreation. The behavior involved must be active. It must consist largely of physical or of mental effort depending on which of these is least a part of the individual's daily routine. It must involve social contact mutual interstimulation. Finally it must provide a way for the release of emotions. Unless it meets these qualifications an activity cannot be regarded as truly recreational.

**Some Types of Recreation** The amateur stage play is a vital source of recreation. But the recognition of its usefulness has varied from time to time. As a result the amateur play movement in the United States has gone through many changes. At one time it was limited to little children. Now it aims to benefit children and adults of all ages. At one time facilities for plays were considered usable only in the summertime. Now they are in demand throughout the year. Not long ago plays were based on outdoor activities and equipment. Now both outdoor and indoor facilities and events are popular. Congested urban communities were first to receive the benefit of amateur plays through

recreation centers Now all urban and many rural communities regardless of population density, stage plays Private philanthropies had got the play movement under way Now community support and control seem to be increasingly in evidence From a simple verbal exercise the play has passed to the stage where it includes manual physical (total bodily) esthetic social and civic projects as well From something of purely individual interest the play movement advanced to the stage of group and community interest

Small orchestras, recitals painting and sketching facilities carving, modeling and drawing are some activities of recreational value which are coming to be part of the community recreation movement throughout the nation Good music is being broadcast through the radio to millions Opera is becoming known and appreciated The value of opera and music however, does not lie in their popularity as passive activities They are stimuli to communal effort in developing local talent and giving men and women of all ages an opportunity to seek the fulfillment of their aims the completion of their inner ambitions to a point never recognized before

The library is not often thought of as a source of recreation Not that it does not have a function to perform It is a source of vicarious satisfaction where recreation through overt social contact is either impossible or ineffective With most youths of course reading is limited to newspapers, popular fiction magazines, and various inferior books Between the ages of sixteen and twenty four very little reading is done Besides, one third of our population is outside the reach of libraries More than half our youth living in the country cannot now reach libraries But even in our cities, only half the youth use libraries though they have them within reach

'Middletown,' a fictitious name for a typical American town investigated by the Lynds reads more library books in bad times than in good The reasons are obvious There is more enforced leisure in time of depression There is more need for retreat from life There is also less purchasing power for books Hence the library Between 1925 and 1929, there had been an increase of only 15 per cent in the reading public of the typical town, while the population increased 25 per cent Between 1929 and 1933

library users increased 108 per cent. This was three to five times the increase in the town's population. In 1933 every cardholder was reading on the average twenty books a year. Considering that University of Chicago students reputedly read from fifty to eighty five books a year, this is indeed a surprising showing. And the number of readers is increasing. Thirty five cities of more than 100,000 reported increased use of books in 1938 as compared with 1937.

The value of the library lies in the fact that reading can effect an equilibrium between conflicting impulses. It may satisfy unsocial cravings by letting us enjoy the downfall of a villain. It can prevent the ravaging effects of fear by making it possible for us to identify ourselves with fearless characters. Lately so called children's literature has been on the wane. Librarians report that children prefer factual books to fairy tales. This was true of 83 per cent of the children in a western public library in 1939.<sup>1</sup> Evidently children no longer seek escape from life by identifying themselves with fictitious characters. Perhaps the stirring events of our times have something to do with that. Perhaps these also account for the fact that nonfiction reading is on the increase. vocational books are becoming increasingly popular and books on how to do things are growing in popularity. Books on aviation, radio, television, photography and music lead in the order named. These are hardly recreational in nature but they serve the same function as recreation serves. They relieve strains, enrich lives and make existence more purposeful. Considering that there was not a single public library in the United States 100 years ago, this increase in the use of library materials certainly augurs well for the recognition of the book as a means of getting wholesome recreation for certain types of individuals.

**Recreation in Urban Communities** The Cleveland Recreation Survey made some years ago pointed out five types of delinquency traceable to the lack of recreational facilities. One of them was playing on or about trains and railroad yards. Another was a lack of agencies of wholesome recreation. Another was stealing to get money for commercialized amusements. Steal

<sup>1</sup> Survey conducted by the American Library Association reported at its annual convention in Chicago 1939.

ing and committing other delinquencies to get social status were also common. Finally distaste for school or work leading to any activity affording thrills was found to be an important source of misconduct. The conclusion of the survey group was that 75 per cent of delinquency was due to the misuse of leisure in the urban environment.

In a western suburb of Chicago a gang regularly indulged in throwing missiles at autos and trains and engaged in harassing behavior of all kinds. When a recreation center opened its doors, these depredations ceased. Halloween pranks, fires, and other neighborhood annoyances were a source of worry to many small communities in a midwestern state. Chiefs of police were helpless. The toll upon property was huge. In one single case property damage amounted to \$500, and the police answered fifty calls in one evening asking them to stop the vandals. The community then, taking thought, decided on a celebration in which all would participate young and old alike. For some years afterward not a single case of vandalism was reported.

Laboring under the need to take care of its delinquents, another suburban community made over an old basement jail once part of the village hall into a recreation center for boys. Under the guidance of a high school teacher, a youth organization came into being and established a club headquarters. The police men's benevolent organization decided to outfit the club's recreation hall. Business and social organizations fell in line and the project got under way. The principle which this community accepted is simple. It is that for every demoralizing type of activity a wholesome substitute can be provided, which in the end can prove just as satisfying.

Going on this assumption we see that every community can do a number of things to promote recreation. Greater use of existing facilities is the first necessity. Providing more adequate play space is another. The possibility of changing delinquent real estate parcels into public parks as has been done in New York and elsewhere is a third. Training courses for voluntary leaders finding joy in service is a fourth. Expanded opportunities for public recreation and democratic leadership for it can be built up.

**Recreation in Rural Communities** A survey of rural facilities made a few years ago, showed that rural people are

interested in Sunday visitation reading fairs picnics horseshoe pitching fishing and hunting, farmers meetings reunions church socials and concerts in the order named<sup>1</sup> The women expressed preference for sewing bees, card parties and women's organization meetings Most of these it will be noticed, are activities outside the home, for the home is not fulfilling its functions as a recreational agency in the rural community — in spite of the fact that 25 per cent of rural boys and girls have no playmates outside their own homes Superficial contacts with strangers are more numerous than contacts with neighbors The long workday is a hindrance to neighborly association which is not easily overcome Where there is no social contact, there can be no wholesome recreation

Profitable evenings at home could be arranged in rural communities if farmers placed social opportunities ahead of apparent work needs Simple outdoor games are more rare than they could be for the same reason The rural church could increase its usefulness by providing suitable quarters and employment of pastors trained in recreational leadership The one room country school is not intended for wider community usefulness The 'suitcase teacher' who escapes the ennui of rural life each week end does nothing to overcome the situation which drives her cityward Rural schools need playgrounds and equipment for play Debating instrumental music literary endeavors glee clubs, and dramatics, greatly needed in the recreation of rural personalities, hardly enter into rural school programs Rural libraries too are scantily equipped with current literature and stimulating recent books The provincial attitudes often found among rural people are nowhere more clearly reflected than in the reading facilities of the country side

The 4 H clubs sponsored by the Agricultural Extension Service of the United States are doing a great deal not merely to develop homemakers and farmers but also to offer recreational activities to rural people The 4 H program includes folk dancing games singing, picnics hikes and so on The Scout organizations the Girl Reserves the Hi Y the Campfire Girls, and the Y agencies are also promoting rural recreation, but they are far from satisfying all existing needs The Farmers Club the Farm

<sup>1</sup> W E Cole and H P Crowe *Recent Trends in Rural Planning* Chap 13

Women's Club the Farm Union the Farmers Association, and the Parent Teacher Association sponsor social gatherings from time to time but these again are far from sufficient to meet existing needs

Among existing needs in rural communities we find athletic fields, band stands dance pavilions libraries, little theaters Pageants and festivals are needed but these require expert direction Low priced cars and lower priced radios would help lift the rural resident out of his state of isolation to a greater extent than they are succeeding now But they could not as said before, serve as surrogates for wholesome leisure time recreation To be wholesome, leisure time activities must not be mere time fillers Leisure hours must be hours of active development productive of more liberal, because better adjusted human personalities

**Recreation and Government** In spite of numerous private efforts to provide recreational facilities, it must be agreed that recreation in its larger aspects belongs to the government — local state and federal Children's sand-gardens were conducted by half trained matrons in Boston in 1886 long before governments woke up to their responsibility but the first outdoor gymnasium was built by the city park department in Boston in 1889 Similarly with the playgrounds The first playgrounds were built in Chicago in connection with the social settlements during the nineties Then slowly, city and state parks began to be converted to similar uses From 1900 on there has been a steady municipalization of playgrounds The Playground Association of America was founded in 1906 When it was organized, forty one cities had already established public recreation in some form In 1925, over 700 cities had it In Chicago alone there were at that time, fourteen playgrounds covering close to sixty acres, and having field houses, assembly halls, gymnasiums, swimming pools club rooms, and branch libraries During the First World War, the War Camp Community Service organized recreational facilities in 700 cities adjoining camps, and continued to provide these facilities after the war In 1939 there were 9749 playgrounds in 739 cities of the United States At present, not only playgrounds, but field houses gymnasiums, swimming pools, and branch libraries are almost universally government financed



One of the interesting developments in the field of national recreation has been the growth of the national parks and forests. Public interest in these facilities began in the early years of this century but grew apace. In the years 1933-1941 the expansion of the park and forest services became one of the noteworthy features of the New Deal. The facilities in the parks and forests increased manifold as the Department of the Interior added one park after another, one preserve after another. The number of visitors to the parks and forests runs into many millions each summer and keeps increasing constantly. So does pleasure travel by auto and bus, the greatest recreational and educational activity carried out by the free American people. Continuous road building and road repair activity carried on by the Works Progress Administration in recent years, has helped the citizens utilize the park and forest services. In 1939 for instance this agency constructed close to 50 000 miles of highways, roads and streets and improved an additional 160 000 miles. The same agency has built 881 new parks and repaired and improved at least 3000 more.

Organized public recreation has increased enormously since the depression. This fact is explained in two ways. First the need for recreation became strikingly obvious. Second the make work policy of the government turned to recreational facility building as a noncompetitive field. During the depression years in New York alone recreational facilities more than trebled. The Civil Works Administration, the Works Progress Administration, and the State Emergency Relief Administration spent nearly 167 millions on the New York park system in but three years. The city and state of New York contributed 90 million dollars, in the same period for equipment and property. But the greatest gain is found in a large variety of facilities and agencies built at purely government expense in some 2200 American communities throughout the nation. These include archery ranges, shuffleboard courts, bathing beaches, bowling greens, golf courses, ice skating rinks, outdoor swimming pools and toboggan slides. These national treasures were added to communities that had never dreamed of acquiring them but suddenly realized their losses in human happiness and asked to be enriched.

Such vast improvements however would never have been possible, had it not been for the growing staff of workers trained for recreational leadership posts. In 1939, there were 25,042 paid recreation workers in the United States. Of these 15,000 were men and 10 000 women. The work of these leaders was vastly multiplied by the work of over 33 000 volunteers operating in isolated communities or under the guidance of trained leaders. Facilities of course, must precede leaders but leaders help increase and improve existing facilities. In the long run, it is difficult to determine which is more vital to the health and happiness of the American nation.

**Recreation A Social Responsibility** Recreation must not be limited to a few. Theodore Roosevelt once said. A community will not be a good place for any of us to live in until it is a good place for all of us to live in. Without leisure time activities it cannot be a good place for all of us to live in. This means that each community must develop consciousness of recreational needs, must lay plans for these needs, develop a sense of responsibility in its citizens, offer the submerged third relief from drudgery, and give all individuals an opportunity for active social participation. Discovering the needs and interests of the citizens of the community, discovering the range of these interests, devising programs for the use of various groups, providing information, facilities, leadership for leisure time activities, and finally correlating the various activities of individuals and groups in social centers thus become the fundamental tenets of democracy. They are also the first line of defense in a day when democracy uneasily faces the future.

**Leisure and Recreation in Wartime** In the course of the war and the large scale internal migration accompanying war production, many new communities have come into being and existing communities have been subjected to severe strains on their existing facilities. The Office of Community War Services has been designated as the federal agency to aid areas affected by war industries and military establishments in surveying and dealing with their recreational needs as part of a general program of maintaining the health, welfare, efficiency, and morale of war workers. Congress through the Lanham Act has made available funds for the provision of recreational facilities and services where

needed These facilities are considered an integral part of war housing projects The Office of Civilian Defense has been instrumental in the organization of voluntary groups in many communities for rendering aid to the citizenry in developing their own recreational resources

With the restrictions on travel and the intensive use of existing commercial recreational facilities there has come an increased reliance upon family and neighborhood recreation There is also a well recognized need for special recreational services for war workers who because of round the clock factory operation do not have access to the usual recreational facilities The war and the educational effort to which it has given rise have stimulated interest in recreation as an instrument for enhancing personal and community well being and as an important contributory factor to industrial efficiency The leaders of the recreational movement look forward to carrying over into peace time life many of the gains in recreation made during the war period The interrelations between recreation and delinquency, absenteeism community and personal morale have been emphasized by wartime conditions <sup>1</sup> It remains to apply the lessons learned in war to the problems that peace will bring

#### TERMS TO BE UNDERSTOOD

commercialized amusement	recreation
idling	surplus energy theory
leisure	play instinct theory
rest	community responsibility
play	play movement
spectatorism	entertainment

#### QUESTIONS FOR DISCUSSION

- 1 What is a feasible division of labor between public and private recreation?
- 2 Why do not primitive and nonindustrialized peoples need recreation?
- 3 What are the chief differences in recreational needs and recreational activities of urban and rural communities?
- 4 What is the difference between idleness and leisure? Why do not the employed have leisure?
- 5 How do you account for the increase in professional recreation leaders? Do people have to be taught to play?

<sup>1</sup> See *Community Life in a Democracy* Edited by Florence C Bingham National Congress of Parents and Teachers Chicago 1942 Chapters II III XIV

## FOR FURTHER STUDY

- Blumer Herbert *Movies and Conduct* The Macmillan Company New York 1933
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## CHAPTER 7

### PUBLIC OPINION AND PROPAGANDA

A few years ago a large midwestern dairy company fell foul of public opinion by its unfair treatment of its employees and milk producers. In its defense the company charged that it was the victim of propaganda spread by the local Commission on Social Justice (which included prominent leaders in the educational and religious worlds). However, so essential was public good will deemed that the company lost little time finding a compromise settlement with the farmers and with its employees.

This incident suggests the importance of public opinion and propaganda in the regulation of social life in a modern society. Great efforts and large sums of money are spent by individuals and groups to woo the public. Every large corporation has its public relations counsel whose job it is to see to it that the public forms no adverse opinions concerning the corporation. Many important personages employ publicity agents to build up publics for them.

**Public and Public Opinion Defined** The term public is one of those blanket terms which covers the earth. When a politician says in a speech that the public will not sanction this or that, it is extremely difficult for us to imagine just what he means by *the* public. It is impossible for us to put our finger on that group of people which constitutes *the* public at any given time. In reality there is no such thing as *the* public, but on the contrary there are many publics. The term public refers to a large number of people who may or may not be widely separated in space and who may or may not enjoy face to face contacts, but who are interested in certain questions and who are engaged in working out common solutions to problems. The public may be thought of as a constantly changing group of people. The group which constitutes the public in the face of the burning issues of today will not include all of the people

who made up the public yesterday or will form the public tomorrow

There are as many publics as there are fields of interest. Some idea of the diversity of publics which are recognized by journalists may be gleaned from a perusal of a Sunday newspaper. There is a sport section, a music section, a society section, a cartoon section, a book section, each catering to a different public. Then too Ann Sheridan has her public, Clark Gable his public,

Dizzy Dean his public and Mrs. Roosevelt her public. John Doe may be and usually is a member of several publics at the same time.

In a like manner public opinion must not be thought of as a unitary thing, nor as a judgment in the formation of which every citizen has participated. Public opinion may be thought of as the sum total of the collective judgments of all publics. But public opinion is not preponderant opinion; that is, it does not refer to the notions held in common by everybody in the social group, for it includes disagreements as well as agreements, minority opinion as well as majority opinion. A public opinion is a collective judgment made in response to some social issue, and therefore involves a suggestion of what ought to be. In this emphasis upon oughtness, public opinion resembles the mores. There is a great difference between mores and public opinion, however: the former are stable and slow to change, the latter changes rapidly.

**The Formation of Public Opinion** The process by which public opinion is formed differs with the nature of the social group. In the primary group a social problem arises for the treatment of which the group has no ready solution. In such societies everybody has an easy access to the facts in the case, and so conversation and discussion (and even gossip) follow which bring out agreements and disagreements, strengths and weaknesses in proposed remedies. Finally a public opinion or group judgment emerges which sets the norm for group action. No matter how simple the problem may be, its solution in the primary group situation is more or less rational, because each discussant must defend his points of view against criticism and is therefore forced to think his position through to the end. His fellows will not tolerate flighty or incomplete thinking.

In the secondary or derivative group situation on the other hand the process of forming public opinion is somewhat different. In such situations it is almost impossible for the average citizen to know the facts in every crisis situation. Problems are both too complex and too numerous and people differ too widely in their comprehensions of a given problem and in their wishes concerning its solution. There is little actual fact and what little is known is circulated by the organs of communication and so slanted as to suggest a conclusion. Therefore the directed thinking which characterizes the attack upon problems in the primary group gives way to predigested opinions served up by competing journalists and radio commentators in the derivative group. The individual can skip from one opinion to another as each in turn appeals to his fancy. No one will challenge him to think the problem through to the end. The public opinion that emerges will often be in a democracy the one which has the greatest emotional appeal, and in a dictatorship, the one which has the official stamp of approval. Public opinion in Italy in 1939 for example was switched from pro Allied to anti Allied by the prepared opinion of the radio and the press. Public opinion in the derivative society, then, tends to be a created opinion which is foisted upon the masses by shrewd or powerful leaders. As an evidence of this we may point to the fact that minorities have often converted themselves into majorities even though at times their programs have been rationally indefensible. Witness the growth of the Townsend Movement of our times and recall the successes of the Abolitionists and the Prohibitionists in getting public opinion to back their programs. A number of studies have shown that individuals change their opinions as rapidly as new stimuli embodying new and different appeals are brought to bear upon them. It is a common technique in the study of public opinion today to test groups for their opinions then submit them to some form of artful propaganda, and finally retest the group for changes in opinion. The studies reveal a decided shift in opinion in response to the propaganda used.

**The Measurement of Public Opinion**<sup>1</sup> The measurement of public opinion as a consciously worked out technique is relatively

<sup>1</sup> Adapted from A D 1940 *Fortune* XXIII 124-126 Jan 1941 (Appendix Methods of Recording Public Opinion.)

recent The methods most commonly used fall into four main groups

*Roving Reporters* Individuals trained in the art of quizzing people make contact with as many people as possible in as many occupational fields and social classes as possible The weakness of the method lies in the possible presence of subjective elements in the reporters Any slight bias or prejudice would be sufficient for the unconscious formulation of leading questions

*Cross Section Samples* Here belong the polls and surveys conducted by leading journals and by such individual workers as Dr George Gallup in his Institute of Public Opinion Essentially the method involves the presentation of questionnaires to a cross section of the community Using this method recent surveys of public opinions have proved to be remarkably accurate This is probably the most reliable of all methods

*Content Analysis* Foreign embassies in this country employ experts to go through the news items and editorials of leading newspapers and journals in an effort to ascertain the direction of public opinion Though this is thought to be an effective method its outstanding weakness lies in the fact that the press does not necessarily reflect what the public thinks This was clearly demonstrated in the success of the Democratic presidential campaigns of 1936 and 1940, which were successful in spite of contrary newspaper expressions of what was purported to be public opinion

*Mass Observation* This method has been used extensively in Europe and consists in the use of an army of amateur reporters who record spontaneous expressions of opinion and submit them to a central office for classification and analysis

In our society the necessity for knowing the public mind and the public will is becoming increasingly imperative Therefore it is to be expected that the future will bring better methods of recording and measuring public opinion, or at least improvements in the present methods

**The Psychology of Public Opinion** In view of the fact that people are so different from each other, the student might wonder how people can ever come to agreements in their opinions so that a public opinion can be formed This could not be possible of course if the members of a given social group were



not more alike than different. In the first place, there must be a common language in order that communication be possible. Further, there must be a common fund of ideals and habits; otherwise emotional appeals could not elicit a common opinion and a united response. And lastly, the group must have a common set of stereotypes through which social experience is interpreted.

In the opinion of many writers the common stereotypes are considered the most important elements in the formation of public opinion. A stereotype is a preconceived mental picture or organization through which we view our world. We impose our stereotypes upon everything we see, so that we see things not as other peoples see them, but as we have been taught to see them. All of our sense impressions are forced into these Procrustean beds which we have called stereotypes or pictures in our heads, and they tell us how things ought to look. Each of us has a picture in his head of what a Bolshevik looks like. We all think we know what a Communist is. We think we know what a Jew looks like, and so on. The first American movies shown in Spain met with a reception of hostility mingled with laughter. The villains were dark, swarthy men with long black mustaches — the typical Spanish stereotype of the hero. The Spaniards saw little sense in movies which used hero types for villains.

Since in the modern derivative society social experience is viewed largely through stereotypes, it is obvious that those opinions which most closely resemble our mental pictures will be accepted and others rejected. Thus it is that those who strive to win our support work into our stereotypes and not counter to them. That the stereotypes present false pictures of social reality makes not the slightest difference in their value for crystallizing public opinion. The realization that no Jew ever looked like Herr Goebbels picture of the Jew wouldn't change German public opinion concerning the Jews one iota.

**Pressure Groups and Public Opinions** The Sherman silver purchasing act passed by the Republican administration of 1888–1892 provided for the transfer of the monetary system of the United States from a gold basis to a gold and silver basis. This bit of legislation was deemed by the bankers of the nation to

threaten their interests and consequently a convention of leading bankers was called at which it was decided to create a business depression by voluntary restriction of credit and for the purpose of forcing a repeal of the silver purchasing act. The confidential letter sent by the Bankers Association to all national bankers included the following revealing paragraph:

You will at once retire one third of your circulation and call in one half of your loans. Be careful to make a money stringency felt among your patrons especially among influential business men. Advocate an extra session of Congress for the repeal of the purchase clauses of the Sherman law and act with the other banks of your city in securing a large petition to Congress for its unconditional repeal, as per accompanying form. Use personal influence with Congressmen and particularly let your wishes be known to your Senators. The future life of national banks as fixed and safe investments depends upon immediate action.<sup>1</sup>

The conspiracy was successful. The bankers informed the public through the press that the depression which followed was caused by the operation of the silver purchasing act. The act was subsequently repealed in response to the demands of public opinion.

The above incident reveals the role played by pressure groups in the formation of public opinion and ultimately, in the enactment or repeal of legislation. The pressure group is a minority group which is well organized around some special interest. Such groups emerge in highly differentiated societies such as ours because the variety of competing interests makes consensus practically impossible of achievement. Where there is no one opinion possible, each group really must organize to protect its own interests. G. D. H. Cole, the English Guild Socialist, has for some time advocated what he calls 'functional representation'. He suggests that political representatives be selected by interest groups rather than by geographic groups. Few realize how near to such a system America really is. There are scores of well organized interest groups which maintain permanent offices at the capitals. Their representatives haunt the halls of Congress and the offices of legislators by the dozen. Their function is to watch legislation and to create sentiment.

<sup>1</sup>Quoted from D. W. Ryder, *Two Men of Glasgow*, *Living Age* 344, 354-364, June 1933.

either for or against it. Not infrequently the private counsels retained by pressure groups draft the bills which are to be presented to the legislatures. The American Legion, the United States Brewers Association, the Navy League, the Anti Saloon League, the United States Chamber of Commerce, the American Federation of Labor are just a few of the organizations engaged in lobbying activities.

Pressure groups use a variety of techniques to influence public opinion and to guide legislation. Workers in a given industry, or even the customers of some distributing concern, may be called upon to sign petitions which call for this or that bit of legislation. Sometimes the public is deluged with pamphlets as was the case during the Anti Saloon League's drive for the Prohibition amendment. Legislators are swamped with avalanches of telegrams at critical stages of legislative debate. Floods of personal letters pour into the offices of Congressmen demanding favorable action on proposed legislation. Subsidization in the form of advertising is used extensively to lure news papers and magazines into supporting the programs of special interests. The success of these devices is leading some to question whether the country is governed by representatives of the people's choosing or by lobbyists.

**Public Opinion as a Social Control** The fear of public opinion acts as a powerful control upon individuals and organized groups alike. An adverse public opinion may result in social ostracism or an economic boycott which may ultimately undermine social status or economic position.

The importance of public opinion as a social control gains emphasis when we compare it with one of the more powerful of the institutional controls — law. As a form of social control public opinion is far wider in its scope and far less expensive than law. Whereas the law is slow in its operation, public opinion is not only immediate but it acts to forestall antisocial behavior. Furthermore, public opinion is effective in realms which are closed to law. During the worst years of the depression of 1929–1939 the law would have deprived many farmers and householders of their homes and property, but public opinion stepped in to forbid creditors to press their claims.

As a control public opinion is not without its shortcomings,

however We have already seen that it can be manipulated by the unscrupulous More than this, though it is often too short lived to be effective Professor Ross has well said that the public has a short wrath and a poor memory That there is no such thing as a unanimous public is another drawback A wrongdoer can move from a public which condemns him and find acceptance in another which condones him Public opinion doesn't countenance nonconformity so it has always persecuted the innovators Finally public opinion all too often dissipates its energies in attacking minor and stupid issues Such things as flagpole sitting short skirts, and the merits and demerits of plans for regulating prize fighting and wrestling have taken too much of the attention of the public in recent years

### PROPAGANDA

In the preceding paragraphs we have referred to the manipulation and control of public opinion Such control involves the use of some form of education, and more particularly of propaganda Inasmuch as education has been treated in a separate chapter in this volume we shall restrict ourselves largely to a discussion of propaganda as a means of control

**Definitions** Authorities find difficulty in agreeing upon what shall be included in the term 'propaganda' Much controversy has emerged over the question whether propaganda is good or evil or both Even those who believe that propaganda may be socially useful are rarely willing to admit even that they use good propaganda They want to be known as educators not propagandists The term propaganda has such a taint that the general public looks upon it as something evil, something undesirable We shall think of propaganda as the manipulation of symbols (words pictures, and so forth) in an attempt to persuade others to accept a particular point of view or line of action

How does this definition differentiate propaganda from publicity and advertising, from education and indoctrination? The dividing lines are hard to fix, of course, for there is much overlapping Publicity refers to the use of stunts and demonstrations and news items to call attention to a personality a product, or a

cause. Publicity may be used to call attention to a Red Cross drive for example. In publicity the appeal is largely to individual attitudes rather than to mass attitudes, to individual action rather than to collective action. Advertising differs from propaganda only in that it is open and aboveboard. The advertiser may claim all kinds of virtues for his product, but since every body knows that his copy is openly paid for as advertising, his claims can be discounted. There is nothing secret about advertising. Education doesn't sponsor any particular point of view, nor does it point to any preformed conclusions. In education all available facts are presented and every point of view is considered. There is no persuasion, there is every opportunity for criticism. The propagandist, on the other hand, selects the facts in the interest of a particular point of view, and usually the source is carefully concealed. Nothing but the truth may be employed in a given bit of propaganda, but facts which would give a balanced opinion are omitted. Education should be distinguished from indoctrination. Much that passes for education, particularly in sectarian schools, is nothing more than indoctrination — the teaching of an organized set of principles or doctrines for the purpose of winning allegiance to a system of belief. The indoctrinated person has a ready explanation in terms of his system of belief for any phenomenon, be it Communism, Methodism, Catholicism, or what not.

**The Psychology of Propaganda** Almost everyone is sure that he is immune to propaganda, and yet almost everyone is a victim of it at some time or another. What is responsible for this startling effectiveness of the propagandist? Why is it that people seemingly on their guard fall such easy prey to the propagandist's wiles?

In our discussion of public opinion it was pointed out that people in the highly complex world of today do their seeing and hearing through ready-made mental patterns which we called 'stereotypes'. The stereotype is a timesaving and thoughtsaving device which makes critical reflection unnecessary and thus speeds up response. The stereotypes 'Red', 'Jew', 'Jap', 'Wop', used in conversation or speech save endless description and carry the meaning instantly. No one really fits these stereotypes, of course, for they are usually false pictures of reality, but

they are a close enough approximation to make rapid communication possible

Now the propagandist is a past master in the manipulation of such stereotypes and symbols. He knows too that the average citizen is little more than a bundle of emotions — hates fears and loves. It is his task to see to it that communication is kept within the bounds of emotional terms. By suggestion, innuendo and emotional appeal he implants the appropriate symbols and stereotypes, and thus gains a response on an automatic emotional, and habitual level instead of on a reflective basis. By hook and by crook he strives to short circuit thinking and yet at the same time contrives to make the victim believe that his response is the product of thought. This is why the shrewd salesman, like the propagandist never argues with a prospective customer. He rather switches from a touchy point to one that is less charged in order to prevent argument, for argument involves thinking and thinking is lethal to propaganda and sales talk alike.

Knight Dunlap has summarized the psychology of propaganda in such a fashion as to supplement what has been said above. Dunlap presents six general rules <sup>1</sup>

- 1 If you have an idea to put over keep presenting it incessantly. Keep talking (or printing) it systematically and persistently.
- 2 Avoid argument as a general thing. Do not admit there is any other side and in all statements scrupulously avoid arousing reflection or associated ideas except those which are favorable. Reserve argument for the small class of people who depend on logical processes or as a means of attracting the attention of those with whom you are not arguing.
- 3 In every possible way connect the idea you wish to put over with the known desires of your audience. Remember that wishes are the basis of acceptance of ideas in more cases than logic is.
- 4 Make your statements clear and in such language that your audience can repeat them in thought without the need of transforming them.
- 5 Use direct statements only when you are sure that a basis for acceptance has already been laid. Otherwise use indirect statements innuendo and implication. Use direct statements in such a way that the attention of the audience shall be drawn to it sufficiently to take it in but not sufficiently to reflect upon it.

<sup>1</sup> Knight Dunlap *The Civilized Life*, Williams and Wilkins Company, Baltimore 1934 pp 360-361

- 6 For the most permanent eventual results aim your propaganda at the children mix it in your pedagogy Follow the example in this respect of the successful propagandists of the past

**Propaganda Devices** To get his appeals across to the public the propagandist uses a full repertoire of tricks We can do little more here than to list them and comment upon some of them

*Editing the Card Stacking Device* The propagandist is able to edit the stimuli and to stack the cards in his favor In its violent attack upon Russia some years ago a national newspaper chain edited the scenery in such a way as to convey the impression that starvation was rife in the land of the Soviets Old pictures of the famine of 1921 were dug out and presented to the public as representing conditions in 1936 Pictures do not lie but liars use pictures

In a like manner the propagandist edits the facts by selecting for presentation to the public just those facts which strengthen his case Public ownership of the railroads is doomed to failure we are told because the Canadian Grand National Railways have never operated at a profit What we are not told is that these railways were an even greater failure under private ownership and had to be taken over by the Canadian Government at fancy prices in order to preserve for the Dominion a system of communication and transportation in a vast, sparsely populated area

In a newsreel we are shown a herd of cows in Arcadia Missouri using sidewalks built by the PWA at a cost of \$20 098 — seemingly for the sole benefit of the cows We are not told that the cows were rented from a farmer who agreed not only to drive them over the new sidewalks, but also to supply the necessary dialogue for the nominal sum of \$25 Likewise pictures of a Polish riot were once shown in a newsreel under the caption Russians beat women

Editing or card stacking relies upon deceit, exaggeration, and distortion in an effort to suggest a desired response Not only scenery facts and news, but also personalities and in fact any thing can be edited and thus loaded

*Appeals to Prestige* *Propaganda Analysis* has called this the 'transfer device' The propaganda is attached to persons or objects of prestige which have a ready acceptance in the public

mind and is thus able to slip in unnoticed. It is a common observation that we tend to accept the ideas and practices of those we admire. Our admiration and respect transfer from the person to the ideas ascribed to him. One can get a rabid conservative to accept a socialistic idea merely by ascribing it to a respectable personality whose conservatism is unchallenged and whose words carry prestige.

*Appeals to Prejudices, Emotions, and Sentiments* Everybody has some pet love or hate as well as a number of lesser loves and hates — and the propagandist knows it. It is to be expected then that propaganda will carry a heavy load of emotional freight. Indeed, it was by cultivating the loves and hates of the German people that Hitler was able to win power. The words home, mother, American childhood, family Jew, 'nigger, the Lord 'Constitution' and so on, were made to order for the propagandist. They are virtue words or devil words which arouse our emotions and get us to respond without examining the evidence. Nor does the propagandist overlook appeals to the sex urges.

*Disinterestedness* To feign disinterestedness is one of the favorite tricks of the propagandist. The Navy League which for years has propagandized for a bigger navy to protect our shores, ostensibly had no other interest than the public weal. Of course, the public could never know that the personnel of the Navy League included for the most part people who would benefit tremendously from the construction of more battleships — heads of steel companies and the like.

A telephone company assures us that it has no other interest than to serve the nation efficiently, and that when the public is ready to take over the telephone system the company will gracefully step out. Propaganda by such utilities against public ownership is notorious and their profits have not exactly been the wages of disinterested servants.

*Name Calling* We are often decided in our opinions by the labels we find attached to men and their ideas. To discredit an opponent and his ideas it is often only necessary to attach a label which is hated by the public. The religionist who fears for the success of his particular kind of faith has a collection of names for his supposed opponents. Scientists are "materialists," leaders



of other denominations are heretics pagans infidels or modernists People of opposing political creeds are Reds Fascists, or Wall Streeters In all cases of course the implication is that the person to whom the label is attached is in league with the devil and is trying to destroy all that society holds dear

*Disguise* Occasionally propaganda will be found to be sailing under false colors If the chances for success are apt to be greater under a disguise the propagandist doesn't hesitate to use it Favorite disguises are news patriotism public service and education Newspaper editors are kept quite busy sorting out releases which come to them in the form of news items

During the worst years of the depression the People's Tax League built up quite a following and garnered many a dollar from tax burdened members Ostensibly the Tax League was organized to bring about a general reduction of taxes A prominent student of propaganda who was a member and paid his dues regularly was chagrined to discover that the People's Tax League was organized to reduce taxes in the upper brackets only—to ease the load on the millionaires The propaganda was effective in getting the members of the poorer classes to pay the expenses of the League

*Appeals to Humility the Plain Folks Device* In popularizing a political candidate, or even a merchant the ruse of presenting him as just one of us a humble plain citizen is often resorted to The Jewish proprietor of a large clothing business is presented over the radio as the Jolly Irishman During election years the late President Coolidge was usually pictured near a cultivator and replete with overalls collar and tie stickpin and derby hat During the Presidential campaign of 1940 the Republican candidate was presented as a small town boy who had made good as a farmer The appeal to humility or the plain folks device, stems from the realization on the part of the propagandist that the public has a deep seated distrust of the powerful and wealthy The stereotype of the bloated capitalist must be replaced by that of 'honest Hiram

The use of cartoons and slogans (which carry an appeal and a program at the same time) the control of school textbooks stunts and demonstrations involving the use of standardized

symbols (donkey, elephant, camel) ridicule, flattery and censorship (to prevent the truth from appearing) are also favorite devices of the propagandist. Indeed, there is no limit to them. As rapidly as one device is spotted and exposed, another takes its place.

**Media of Propaganda** By what agencies are the devices of the propagandist brought to bear upon the public? The media are varied and interesting and perhaps to the student, surprising. The field is extremely well cultivated as we shall see.

*The Press* The printed word is still the most important agency for the spread of propaganda. We can listen to virtue words and devil words on the radio, but somehow they do not arouse our emotions nearly as effectively as what we read. There are outstanding exceptions to this statement of course, but the fact remains that the printed word or cartoon is effective over a greater span of time than is the spoken word.

The volume of printed matter to which the American public has access is stupendous. Our presses pour forth about 10 000 books every year, each edition running into thousands of copies. We publish nearly 4000 magazines a month, upward of 7000 weekly and semiweekly newspapers and about 2000 daily newspapers. If we add to these the countless pamphlets and dodgers issued by interest groups, then the estimate of forty million people reached by the press does not seem too high.

In recent years the belief has been growing that the influence of the press in the formation of public opinion is waning. This notion has gained some support from the fact that President Roosevelt was elected in 1936 and again in 1940 in spite of strong opposition on the part of the daily press. L. L. Bernard has ascribed this decline in the influence of the press, if such there be, to the popular realization that the daily press of the entire nation is controlled by a very few men who demand that editorial policy be in line with their own selfish interests.

Whether the prestige of the daily press is declining or not, the fact still remains that the printed word carries most of our propaganda. Cartoons, comic sections and society pages are still doing yeomen duty for the propagandist. The news is carefully edited and slanted, and censorship is employed by those in control to keep certain kinds of information from the public.

H S Rauschenbusch has shown that certain newspapers because of their dependence upon advertising are the willing tools of the utility propagandists who are using every device to discredit public ownership of utilities and to popularize private ownership<sup>1</sup> This should disillusion any who believe that news is a factual presentation of current events The events which go into the making of news are selected for their interest value and are so treated as to arouse an emotional response no matter how mild The mere recounting of events is emotionally too cold to lead to the formation of opinions This is why rumor and gossip are so effective in the formation of public opinion Even more than news they appeal to the dramatic interest but like news they must be appropriate to the time place and circumstance if they are to be effective in the formation of opinion The appeal of rumor and gossip lies partly in the free play they give to the imagination News tells too much rumor and gossip tell too little, and the filling of the gaps in the story is a delightful wish fulfillment experience

*The Radio* In 1938 radios were owned by 26 666,050 families in the United States It is hopeful that as yet the radio has not been subverted to the use of the propagandist to the same extent as has the newspaper At least there is still the possibility of hearing the other side over the radio Each of us has had the opportunity in the past to listen to radio addresses by Communists, Socialists Townsendites, as well as by Individualists It is noteworthy that though the radio stations can cut a speaker off the air they cannot garble and distort his words nor put into his mouth words he did not utter as the newspapers have often done in the past The Federal Communications Commission and the radio networks themselves are in a position to see to it that more than one side of controversial issues is presented The many educational programs and university round tables go far to hamper the efforts of the propagandist, and an increase of such programs is to be expected

Nevertheless, much propaganda does come to us over the air News commentators sometimes 'slant' their materials by carefully placed emphasis and by studied selection of words Radio

<sup>1</sup>H Stephen Rauschenbusch *High Power Propaganda* The New Republic Inc New York 1932 *passim*

drama can be so presented as to implant certain attitudes in the minds of the audience. The dramatic personnel can be so selected as to make us hate or admire personality types, nationalities, trade unions, and other objects.

*The Movies* Despite its tremendous potentialities, the movie has not been exploited to any extent as a medium of propaganda — at least not in America. One reason for this is perhaps the fact that box office receipts are more important to movie producers than the formation of public opinion. The movie industry has discovered that it is most profitable to cater to a hypothetical patron who is just intelligent enough to understand what is going on. Movies which fit the hypothetical patron can be understood and appreciated by every group in the population.

Highbrow movies would close the cinemas to large groups of the less intelligent whose money is just as good as that of the elite. The necessity for keeping an eye on the box office has prevented American producers from experimenting on a considerable scale with idea movies, although Charles Chaplin attempted it in his *Modern Times* and *'The Dictator'* and with fair success. So bent is the cinema on catering to the hypothetical patron that great stories are distorted beyond recognition in the interests of simplicity.

In recent years the newsreels have been used to some extent for propaganda purposes. Perhaps the greatest importance of the movie as a medium of propaganda derives from its selection of plots and characters. Villains can be made heartily detestable and then subtly made to symbolize some idea or system of ideas. Recently a group of college students saw a movie in which the villain was named Romanoff. He was a big, rowdy, dirty, loud mouth who insisted that he was right in every argument. The propaganda was effective. The students were agreed that Russia must be hell on earth and Bolsheviks semibarbarians, although the picture made no reference of any kind to Russia or to Bolsheviks.

*The School* It is to be expected that the propagandist would not overlook the great possibilities of the school as an agency of propaganda. School officials are constantly on the alert against subtle schemes to convert our educational institutions to the use of unworthy interests, and their vigilance has not always

been strict enough Propaganda of all kinds is spread unwittingly and sometimes even consciously by educators the country over

The methods used to convert the school into an instrument of propaganda are as enlightening as they are despicable The American utility interests a few years ago spent millions of dollars on the rewriting of textbooks on history and civics All favorable references to public ownership were carefully deleted and their place taken by laudatory references to private ownership Private ownership of utilities was presented as a more efficient form of public ownership<sup>1</sup> Nor are patriotism love of home and family and so on overlooked in the use of appeals The corrected textbooks were distributed to schools free<sup>1</sup>

Thousands of pamphlets and leaflets have been issued by the power trust for use in the classroom and teachers of its own choosing have been planted in schools colleges and universities throughout the land Just how this is done can be learned from the words of one of the propagandists who wrote to a colleague

it has been our custom to place certain educators before Normal schools and other colleges in the state We have no set rule or formula for this work we have adopted the plan of having a third party organization make the arrangements with the schools In strict confidence the Illinois Chamber of Commerce handled it for us during the last session We of course paid the bill We try to keep away from announcing the talk to have anything to do with public utilities

These four agencies the press the radio the movie and the school are by far the most important agencies of propaganda but they by no means exhaust the list There is still the pulpit the lecture platform, the forum and a host of others of lesser importance at the disposal of those who would influence public opinion and action

**The Control of Propaganda** The problem of bringing propaganda under social control has plagued the minds of educators at least since the close of the First World War If

<sup>1</sup> For the complete story of power trust propaganda in the schools see the works of Ernest Gruening H. Stephen Rauschenbusch Carl D. Thompson and the Federal Trade Commission Report listed at the end of this chapter Also Bruce Raup *Education and Organized Interests in America* G. P. Putnam's Sons New York 1936

<sup>2</sup> Stephen Rauschenbusch *op cit* pp. 47-48

some of the solutions proposed seem fatuous to us today, we must remember that their originators were wrestling with a new and most complex problem. Even at the outset we shall admit that a satisfactory solution has not yet been discovered. We shall present what solutions have been advanced for the student's criticism in the hope that he may be led to think the problem through for himself.

As might be expected, the first suggestion for the control of propaganda has recourse to that old whipping boy, education. Even intelligent people have not yet lost their naive faith in the power of education to cure all ills. Rarely are we told what kind of education would be effective in meeting this problem, but just education. Well, we have been educating against propaganda for ever so long, but the many-headed hydra is as virile as ever.

More recently, the suggestion that we educate in order to defeat the propagandist has become more specific. We are urged to inform the masses as to the methods used by the propagandist as a means of disarming him. To this end the Institute for Propaganda Analysis, Inc. publishes a monthly letter.

*Propaganda Analysis.* There is no doubt that our acquaintance with the tricks used to mold public opinion will enable a few to detect propaganda. However, this does not meet the problem of the manipulation of the symbols and stereotypes through which all of us see our world. Courses in logic are notorious for their failure to produce logical thinkers. Not many of us apply what we learn.

Professor E. A. Ross has suggested that the public be trained to demand who pays the bills of lecturers, speakers and special pleaders. This, Ross believes, would force an identification of the partisans and enable the public to evaluate the motives behind the special pleading. This suggestion has some merit. Its only drawback would seem to be that it does not recognize the ingenuity of the propagandist who would not hesitate to invent any kind of plausible story and advance any kind of altruistic motive to disarm a suspicious public. It must not be forgotten that propaganda is a chameleon which changes its coloring to resemble whatever the public demands.

Some would combat propaganda with counterpropaganda —

fight fire with fire, so to speak. Without wishing to be moralistic, it might be questioned whether fighting one evil with another is really wise policy. In such a battle of the fires someone is likely to be burned and experience has taught us to expect that it probably would be the public. There is always the danger that the competing propaganda might be confused in the public mind and that the selfish propaganda, because of better financial backing, might win out. Counterpropaganda pays no immediate cash benefits and for this reason might fail for lack of public support.

Suggestions for a legal attack upon propaganda are not lacking. Compulsory revelation of the source of propaganda has been advocated for some time. In view of what is known of the wholesale evasion of the law at the present time, such legislation would offer no serious handicap to unscrupulous interests. Nor would the enactment of legislation which would lead to prosecution for the dissemination of falsehood be of much avail. What shall be done about the spreading of falsehood by suggestion and implication? The statement "Our foods contain no poisonous preservatives" subtly suggests that competitors use poisonous preservatives.

Realizing the tremendous importance of the press as a medium of propaganda, some have contended for public control of the newspapers. A governmentally owned press or even an endowed press, it is felt, would end the propaganda menace once and for all. The drawbacks to these suggestions are too transparent to warrant discussion, although it might be admitted that something could be achieved by the popularization of the endowed liberal journals.

It would seem that the only realistic plan for the control of propaganda is that proposed by Walter Lippmann in his *Public Opinion*. Mr. Lippmann recognizes that propaganda is a phenomenon of secondary and derivative association. In a world as complex as ours, the citizen can keep *en rapport* with his fellows only through the newspaper or radio. These are the only means whereby he can get even a partial picture of his social world. So numerous are the stimuli and so complex the social situations that it is practically impossible for the common man to understand his social environment. No one can possibly be competent

in every field of endeavor and yet each man is called upon to make rational decisions on every conceivable question from prohibition to tariffs to birth control. The best he can do is to follow the suggestions of astute special pleaders who bombard him with one emotional appeal after another. To take the place of this type of social decision Mr. Lippmann suggests the employment of experts by each interest group to interpret situations and recommend decisions. The farmers, for example, could employ specially trained men to examine and evaluate proposed farm legislation for them. Something of this sort is already being done in a small way. The Consumers Research and Consumers Union and government bureaus are proving effective in evaluating products offered to the consuming public.

It is going to be difficult, no doubt, to convince the American citizen that he really is not competent to make decisions on all questions which come before him. If the expert is to come into general use, it will only be after the deflation of the ego of the average man who at the present time believes himself competent to make his own decisions. This might prove to be the rock upon which Mr. Lippmann's program might come to grief. However, it is well worth trying.

#### TERMS TO BE UNDERSTOOD

public	advertising
public opinion	education
stereotype	indoctrination
pressure group	card stacking
propaganda	transfer device
publicity	plain folks device
	news

#### QUESTIONS FOR DISCUSSION

1. Identify some of the publics to which you belong. What is the basis for your inclusion of yourself in these publics?
2. Contrast the formation of public opinion on the college campus and in the wider society. What are the outstanding differences and how would you account for them?
3. In the face of the wide range of differences between individuals in any society, how is a unified public opinion possible?



- 4 Which of the following are stereotypes? Monogamy deadhead science grafter nigger Of what importance is the stereotype in the formation of opinion?
- 5 What factors in the social situation account for the rise of pressure groups? Would you favor legislation controlling lobbying or abolishing pressure groups? Why?
- 6 In what kinds of societies is public opinion most effective as a social control? Is public opinion alone adequate as a social control in any type of society?
- 7 Differentiate between education and indoctrination Identify some of the systems of indoctrination to which you have been exposed Do you think indoctrination good or bad? Explain your stand
- 8 What propaganda devices have been most successful upon you? How do you propose to limit the effect of propaganda upon you in the future? Enumerate some of the basic interests to which the propagandist appeals
- 9 Can you cite examples of good (socially worth while) propaganda? What methods have they used
- 10 Which would be more apt to capture the public mind in any given issue a catchy humorous cartoon or a well reasoned discussion? Defend your answer
- 11 What factors account for the success of news rumor and gossip in the formation of public opinion?
- 12 How effective do you think governmental control of propaganda would be? What would be the benefits and limitations of such control?
- 13 How does the radio differ from the press in (a) its effectiveness as a propaganda instrument (b) in the control imposed upon it?

## FOR FURTHER STUDY

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## CHAPTER 8

### RACE AND CULTURE

In a world which boasts of a high civilization of rationality of humanitarianism and of science the presence of racial superstitions seems absurd. Yet racial dogmas have become so strong that 'race' is a fighting word. The emotional tone with which the concept rings is an indication of and helps to explain the great amount of ignorance on the subject. People use the term 'race' to carve out their own neat worlds. There was a time when one was either a Greek or a barbarian. To many today, a person is either a Jew or a Gentile, an Aryan or a non Aryan. We speak of the French race and of the gypsy race. However, none of these is a racial grouping. A race, in the original biological sense of the word, is a group of people who possess a common set of hereditary physical characters which serve to distinguish them from other groups of people.

The cause of most difficulties in the use of the race concept is the general confusion of culture with race. According to the popular conception race differences are supposed to be reflected in the type of culture, the national outlook, and other features of social behavior. The validity of this belief, however, has never been demonstrated. It has been shown that groups differ to some degree in physical characteristics, and it is obvious that cultural practices are highly variable, but it has not been proved that a culture is dependent on the innate qualities of a human group. Throughout the world we find different racial groups enjoying essentially the same culture. On the other hand, members of the same race who live in diverse geographical areas of the world, exhibit utterly different cultural patterns. These statements could not be true if race determines culture. The confusion, therefore, arising from the use of the race concept stems from the failure to recognize that race is a biological fact, whereas civilization is a cultural fact.

**Nature and Nurture in Human Life** It is obvious that we must first gain an appreciation of the nature and function of biological inheritance and of the social heritage before attention can be properly focused on the problems of race and culture

One dimension of nature which influences life development is the physical environment — the flora and fauna the earth and the atmosphere For lower animals this natural environment is of great importance because the biological make up of the animal species and their ways of life are adapted to a narrow range of environmental conditions Thus, the natural habitat for the fish is water and that of the grizzly bear is the cold, semi mountainous, wooded areas Any sudden radical change in the environment of most lower animals would cause their extinction In other words there exists a one to one relationship between the biological make up of lower animals and the environment in which they live

Man of course, shares this natural environment with the lower animals, but there is another environment which is practically his exclusive possession The environment in which human beings are born is complex and highly variable Man's biological make up is not deterministic in the same way as it is among lower animals for man lives under the most diverse conditions of life What is more important is that man's environment consists in large part of tools buildings, clothes language art religion and the many other ways of life which man develops This type of environment which is usually referred to as man made, constitutes the social heritage or culture Whereas the original traits of the organism are transmitted through the germ plasm cultural traits are acquired through communication

The natural environment is certainly not the significant factor in explaining the variety of human cultures in the world In fact no one definite type of environment is invariably associated with any given culture The centers of civilization have flourished in different localities climates and environments and different cultures may exist in similar environments Actually, every use which man makes of the natural environment transforms that environment It is almost meaningless to speak of man's physical environment without also referring to his culture Only those features of the natural habitat to which man reacts

constitute his effective environment. Though man can work only in and upon his natural surroundings, the tools and ideas of his culture, which are not the creations of the natural environment, give his life its distinctive pattern and make his life significant. The environment furnishes the materials for his travel, but he furnishes the plans and selects the equipment and modes of travel. The primitive hunter is dependent upon nature for his game, but he is also dependent upon his own created culture for the weapons with which to kill animals. The city is perhaps the most artificial environment which any animal species has ever developed; in fact, it is so new that even man has not yet made a satisfactory adjustment to it. It is obvious too that the environment of the United States is not the same to us as it was to the Indians before the white man arrived, though there has been little change in the natural environment. The Indian boy used to hunt, fish, trap, and gather herbs. He probably knew about woodcraft, and he believed in mystical powers. Today the boy goes to school, he learns to read and write, to speak English, and to worship in the Christian religion. He may even spend most of the hours of his life indoors. Machinery plays an important role in his daily routine, even as a means of his travel and amusement.

At different times and different places, the social heritage of man plays different roles. Not many years ago in the United States a woman was expected to be delicate, retiring, helpless, and to cultivate the art of fainting to be used in embarrassing situations. Today women stand for equal rights; they have invaded most occupations; they hang onto streetcar straps, and some women are known as gun molls and lionesses. There was a time in many European nations when a young woman would have to marry whomever her parents chose. In fact, if her parents didn't have a dowry, her chances for marriage were slight. Today, in place of a dowry, some men are willing to marry only if the woman holds a job of her own. It is apparent that the social heritage may cause people living in very different natural environments to share in the common ways of life, and conversely, for people living in the same locality or similar natural environments to differ greatly in their ways of doing things.

Just as cultures among humans vary so human beings differ from one another. Sometimes these differences are great as between the two sexes but in most instances the difference is one of degree and not of kind. In any case however human variability is significant in social life for we are prone to rank human differences and to pass judgments on them as good or bad, successful or unsuccessful beautiful or ugly. Consequently it is important to trace the relation of human variability to both biological heredity and social heritage. Heredity is often regarded as setting the limits to human variation. Simply stated heredity operates through certain structures which are transmitted through the germ plasm. The mechanisms involved are the genes of the fertilized egg. This hereditary structure may be affected in four major ways by mutation, selection, intermixture and environmental factors which operate singly or together and produce patterns of great variability.

Biologists since Darwin's time have shown that the course of evolution among animals has been dependent on the permanent changes in the germ cells or the process known as mutation. Though little is known about these changes which take place in the germ cells certain features of the process are well understood. For one thing it is known that the production of any simple physical trait such as eye color is dependent on the combined influence of several genes. Furthermore it requires a long period of time for a mutation to become common to a group of people. Since the person possessing the mutant quality must produce offspring, who in turn must reproduce their kind, it is only after four or more centuries that the trait begins to spread rapidly through a population. The reason for this is that many mutant characters are recessive in nature, and appear in the physical make up of individuals only when two individuals carrying the same trait are mated. It can be seen from these remarks that the hereditary make up of different human groups is not the explanation for their differences in ways of life because the mutations which have occurred in the human species since its origin have been insignificant. Therefore, it is more fruitful to seek the explanation of variation in life among human groups in the processes of cultural development rather than of biological growth.

Sometimes mutations are harmful to the animal species. Hence, if some giraffes living in a wild state were born with short necks, they would be unable to secure food or to exist. A mutation in this direction would be weeded out in the process of natural selection. Some of the physical equipment of modern man, such as good hearing and good eyesight, may be due to the weeding out process starting centuries ago when persons with defective equipment were unable to survive. In modern society the process of natural selection is not as rigid as it is under primitive conditions for advanced civilization means the development of a host of inventions such as oculists, dentists, and physicians who help cushion the blow of natural selection. The process of natural selection is closely related to the topic of race in that it is believed by some people that a group of men could be bred with the qualities of a superior race. At the present time, however, a positive program of eugenics is limited in scope and does not appear feasible.

The hereditary structure of humans can be modified also by intermixture. According to the most reliable biological evidence, pure races among men do not exist. Matings among individuals usually produce an intermixture of many traits. The reason for this is that parents may carry more than one gene which is different, especially for such traits as hair form, eye color, head shape, and other physical characters. There has been so much intermarriage among family lines with different genes that the races of the world are a mixture of many family strains. An important controversial question relates to the desirability of intermixture. Various studies made along this line indicate that human intermixtures must be evaluated as superior or inferior, desirable or undesirable in terms of the values of the social group. In southern cities, the whites and Negroes accord the mulatto a higher social status than the black Negro, and as a result the mulatto is given greater opportunities.

There are instances where environmental influences change the physical and mental characteristics of men even when no changes occur in the hereditary make up of the individuals. The American born grandchildren of East European Jewish migrants have longer and narrower heads than those of their

ancestors <sup>1</sup> Harvard students have tended to be on the average about one inch taller than their fathers <sup>2</sup> Children in prosperous city neighborhoods are usually taller and heavier than children in poorer sections <sup>3</sup> These differences in physical structures take place without reference to selection or to heredity but through such factors as improved diet and medical care, and the influences of varying moisture heat, and altitude

The cultural environment is very important in producing variations in mental and personality development In modern civilized society the individual is confronted with a great number of alternative ways of life from which he must make a selection Variations in this field are not clearly caused by any genetic factors in fact it is difficult to assess the relative roles of heredity and environment in producing these differences It is not necessary to assume an extreme position that heredity or environment is more important in daily living Both of these forces are obviously a unity, and it is difficult to speak of nurture apart from the nature of the object that is being nurtured Every human being exhibits certain physical and personality traits by virtue of his identification with such major groupings as his sex his family and his race Racial differences will be discussed at length in the following sections of the chapter but at this point the sex and family aspects of human variability will be evaluated

**Sexual Differences** Difference in sex accounts for many of the social distinctions which are made between men and women Because women are physiologically different from men many people believe that they must also be different psychologically Women are believed to be more emotional and mentally inferior to men and these assumptions have even served to bar women from certain occupations Actually there is little scientific evidence in support of the view that women are inferior to men in general intelligence or in emotional make up The tests which purport to demonstrate these differences do not really measure native capacity as such The influence of social experience and training are always intertwined with the inherited

<sup>1</sup>William F Ogburn and M F Nimkoff *Sociology* Houghton Mifflin Company Boston 1940 p 82

<sup>2</sup> *Ibid*

*Ibid*



capacity It is more satisfactory to understand the ways by which culture distorts and modifies the inherent intelligence and emotional traits among both men and women With us women are thought to be ministering angels but among the Iroquois they were sadistic torturers In our society expenditures for cosmetics are made largely by females but in many cultures most of the primping is done by the males Indeed the personalities of the sexes may change even in a given culture with the passage of time The modern American girl is greatly different from her predecessors The obedient long suffering delicate lady of the nineteenth century is as dead as the dodo <sup>1</sup> In some societies men as well as women are known for their meekness and passivity in others both sexes are decidedly aggressive while in still other societies the men tend to be effeminate and the women are practical and domineering Thus the differences in behavior between the sexes in society are fashioned in large part by the culture and not by inborn tendencies

**Individual Differences** The case for the important role of inborn differences is usually built around the fact that members of the same family differ in their personalities The assumption is that the family and home represent a common environment for all the family members and that their variation in behavior can be accounted for by the hereditary factor This notion is oversimplified and the findings of recent studies have thrown much light on the nature of the problem One of the most significant attacks on the problem concerns the study of identical twins for whom the hereditary make up is supposed to be about the same The average interpair difference in the I Q s of the identical twins who were separated early in life and reared apart was slightly greater than for identical twins reared together <sup>2</sup> In view of the fact that more adequate measures of environmental differences are needed it cannot be concluded that the I Q differences were significant There are some cases on record for identical twins separated in infancy and reared in extremely diverse environments which show that the twin brought up in the most favorable environment may score a higher I Q by

<sup>1</sup> *Ibid* p 89

<sup>2</sup> H H Newman F N Freeman and K J Holzinger *Twins A Study of Heredity and Environment* University of Chicago Press Chicago 1937

fifteen to twenty I Q points. Another approach to the problem of individual differences has been made of the changes in the I Q when children are placed in foster homes. In some instances, an improved foster home environment has resulted in an improved I Q by ten to thirty I Q points. Among institutionalized children, comparisons of the variability among brothers and sisters in test results do not indicate any closer resemblances than among unrelated children who are reared in diverse environments. In certain communities which are located in remote, isolated areas the children who have been tested show quite a low rating as compared to city children. Yet the children in these isolated communal settlements are well adapted to their limited life conditions. It seems then, that the I Q tests which assume a certain uniformity of environment and aim to measure innate mentality alone are always testing for achievement as well. Furthermore, it is wrong to assume that the home represents a common environment for all the family members and until more refined methods are devised to measure environmental differences, it is dangerous to draw conclusions about the role of heredity and environment in determining human sexual and individual differences.

**The Division of Races** At best, the race concept is an abstraction. Certainly nobody has ever seen a race. The members of the human species vary through a continuous series and it is highly arbitrary to make a division of human beings into races. Yet scholars generally agree on some classification among men on the basis of their inherited physical resemblances and differences. There are three great branches of the human species: the white (Caucasoid), the yellow (Mongoloid), and the black (Negroid) races. The Chinese are easy to distinguish from the Swedes and Negroes, but there are some peoples who cannot be fitted into any of the major racial divisions. The difficulty is multiplied by the attempts to make such a classification on the basis of single physical traits such as color or size. The Hindus belong to the Caucasoid race in spite of their dark skins, whereas the Ainu of Japan, with their white skins, belong to the Mongoloid race. The Indo Australians, a scattered series of uncivilized peoples living in India, Indo China, and the East Indies, are dark, short, slender, wavy haired, longheaded,

broad nosed, with eyes deep set, knit brows, large mouth and medium developed beards. Some of these traits are Caucasoid, while others are Negroid. Figure 11 is a graphic representation of the degree of resemblance and difference between the principal physical types of human beings in the world.

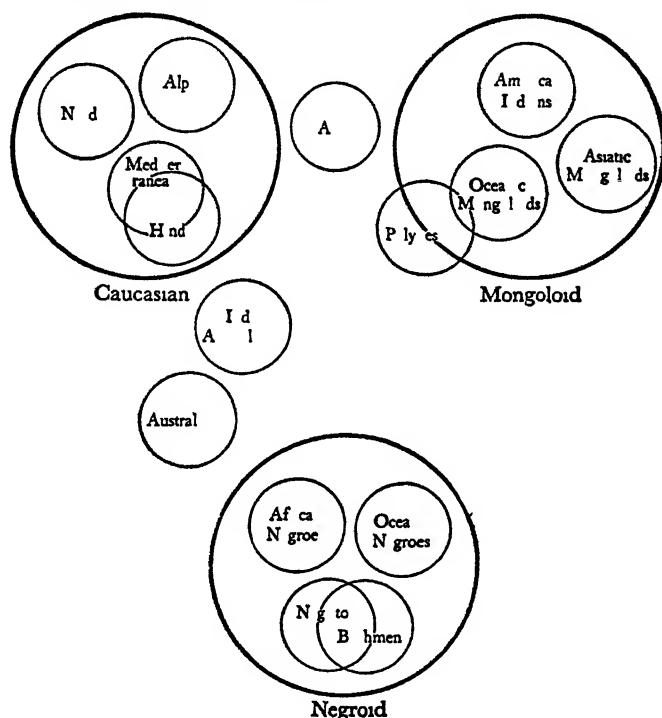


FIG 11 RELATIONSHIP OF THE HUMAN RACES

Distances between the centers of the circles are indicative of the degree of similarity. From A. L. Kroeber *Anthropology* Harcourt Brace and Co. New York, 1923 p. 47.

Many times people use language as an indication of race. Thus, there is an Aryan language, which was brought into Europe several thousand years ago, but to assume that this situation makes for an Aryan race is to run amiss of scientific thinking. Race and language are not distributed in parallel fashion; in fact, they are so mixed in their distribution that each has a distinctive history. A language may spread among new races of people, and sometimes it may even die out in its place of origin, though it continues to flourish among different

racess who may even be hostile to the originating group It is easy to show that a language or group of languages need not correspond to a particular racial group The French speak one of the Aryan languages but the Germans would not classify the French as members of the Aryan race The English language is not spoken by any one racial group In America, most Negroes, who represent a different racial grouping, know only the English language

There are several reasons why the attempt to make simple racial classifications among men is open to criticism A race is only a sort of average of a large number of individuals and averages differ from one another much less than individuals The tallest individual of a short race may be taller than the shortest individual of a tall race Even if measurements are made for other physical features there is a marked tendency of overlapping Furthermore resemblances among groups as among individuals may be due to selection, interbreeding or environmental influences The Hawaiians or Samoans are specialized groups of the yellow race yet they resemble the whites, a different race in as many respects as they do the American Indians who belong to the same race

Because physical traits are influenced by hereditary and environmental forces the best way to distinguish between races is to use a number of physical characters Stature or bodily height is one of the most striking physical traits Yet considering group averages practically the whole range of human variability in height from the race standpoint, falls within less than a foot The majority of averages in height of populations do not differ more than two inches from the general human average of five feet five inches <sup>1</sup> Then too stature and weight and other physical traits have been proved to be modifiable by the environment Even 'the head form which has always been considered one of the most stable and permanent characteristics of human races, undergoes far reaching changes coincident with the transfer of the people from European to American soil' <sup>2</sup>

Prognathism, or the degree of the protrusion of the jaws the

<sup>1</sup> A L Kroeber *Anthropology* Harcourt Brace & Co New York 1923 p 37  
Franz Boas *Changes in Bodily Form of Descendants of Immigrants* Columbia University Press New York 1912 p 5

texture of the hair the amount of hair on the body and the capacity of the skull are now universally regarded as the most valuable criteria for classifying races though physical anthropologists generally use thirty criteria When on the basis of all these traits, large groups of people are found to differ greatly from one another they may be classified as separate races

The Caucasoids are considered as a separate race though some scholars consider them as offshoots from the Mongoloids Most of the Caucasians live in Europe and the Western Hemisphere The Caucasian has a fairly high thin nose, smooth (wavy to curly) hair, minimum prognathism and is relatively hairy Though the Caucasian is usually described as having a white skin color, actually his color is extremely variable He has no peculiar cephalic index (the ratio of the maximum breadth to the maximum length of the head as seen from on top and expressed in a percentage) no characteristic body height hair color or eye color Generally the Caucasian has a Roman-shaped or concave nose

The Mongoloid or yellow race is marked by a round head and straight hair Mongoloids are usually glabrous (that is they have very little facial and body hair) The skin color varies widely the nose form runs from Roman to concave and the cephalic index covers the whole human range The oblique or

Mongolian eye is peculiar to the yellow people of eastern Asia The American Indians who probably migrated here about ten or fifteen thousand years ago by way of the Bering Straits which were then covered with land are in some respects differentiated from most of the yellow stock

The most agreed upon and clear cut separate race is the Negroid The black skins kinky hair long heads thick lips marked prognathism and broad flat noses are the peculiar traits of the Negroids The body height of the Negroes varies greatly including the tallest and shortest individuals known

Each of these broad racial divisions in turn may be divided into subraces Here however is the point at which there is most disagreement The task of classifying individuals into races would be greatly simplified if the influences of selection and environment were relatively unimportant but since individuals are subject to these forces it is difficult to classify a race

into finer subdivisions. Notwithstanding the Caucasoid race is divided into four subtypes. In northern Europe the Nordic is supposed to exhibit a tall stature, fair hair, blue eyes, and a long head. Yet only 30 per cent of all the Swedes measure up to the ideal Nordic type. Surrounding the Mediterranean Sea live a people who are relatively short, dark haired, long headed, and oval faced. These are known as the Mediterraneans. The Alpine type exhibits dark hair and eyes, and especially wide cheekbones. They are found in Central Europe and in Great Britain. The Hindus, who were discussed previously, live in India.

The subtypes of the Mongoloid race, the Asiatic Mongoloids, the Malay, the American Indian, and the Eskimo (not shown in Fig. 11, though they overlap slightly with the American Indian) are not as greatly differentiated among themselves as are the subtypes in the Caucasoid race. The Negroid race is made up of two large divisions, the African Negro and the Oceanic Melanesian. There is a minor third subtype, the Negritos or Pygmies, who are few in number but live in scattered areas, such as in New Guinea, the Philippines, the Malay Peninsula, the Andaman Islands in the Indian Ocean, and in equatorial Africa. The Negritos differ from the other Negroids in being broadheaded in skin color, hair texture, and head form. The Bushmen, who closely resemble the Negritos, are yellowish brown, longheaded, short and flat eared, short legged, and hollow backed.

The foregoing comparisons indicate that human beings may be biologically classified into three large races, each of which is made up of subraces, or family lines. The differences among the types of a common race are explained in terms of the special adaptation each makes to a particular environment, and to the variations caused by selection and inbreeding. As a result, it is impossible to locate any broad race in any single area. One cannot take a given area, say Northern Europe, and find that all or most of the inhabitants exhibit all or most of the physical traits which go to make up the ideal racial subtypes. It is so difficult to draw sharp distinctions that one is justified in saying there are no pure racial types.

**Racial Superiority** Most of the present day interest and danger in the consideration of race lies in the attempt of various

people to prove that certain groups have highly developed societies because of superior racial, physical, and mental qualities. This aspect of the race concept is not peculiar to our times. All human groups tend to regard their own ways of life as superior to those ways of life which are strange and different. People who behave differently are regarded as inferior — even inhuman!<sup>1</sup>

In Mark Twain's report of the celebration of Queen Victoria's Diamond Jubilee he wrote: "And I perceive that the English are mentioned in the Bible. Blessed are the meek for they shall inherit the earth."<sup>1</sup> Kipling interpreted this as an insult and replied by referring to the Americans as the "lesser breeds without the Law." Some centuries earlier Cicero wrote Attulus advising the latter: "Whatever you do, do not buy English slaves for the English people are so dull and stupid that they are not fit to be slaves." This was the era of Roman domination. The Greeks at an earlier time called the Romans barbarians, good enough to kill and fight, but devoid of culture and having base souls. Even the Egyptians were not immune from this tendency for they felt that the Greeks "are but children [who] have no history, no past, no adequate civilization."

One manifestation of this naive claim of racial superiority has been the attempt to arrange the Negroids, Mongoloids, and Caucasoids in a series that would show which race has developed furthest from ape characteristics. The facial angle, which is made by two lines drawn from the base of the nose to the orifice of the ear and to the front of the skull, shows the following order of magnitude: ANMC.<sup>2</sup> The hair form of the ape is straight while the Negro who has kinky hair is farthest removed, the order being ACMN. If we consider the amount of hair on the body we find the arrangement is ACMN. The lips of the Negro are red and full; those of the whites are pale and thin, like the lips of the apes.

Much significance has been attached to the relation of the size of the cranium to racial superiority. The apes have small craniums and in this respect the Negroes are closest. White

<sup>1</sup> This example and the others immediately following are from Ellsworth Faris, *The Nature of Human Nature*, McGraw-Hill Book Co., New York, 1937, pp. 320-330.

<sup>2</sup> A stands for higher apes, N for Negroids, M for Mongoloids, and C for Caucasoids.

people have larger craniums and the yellow man has the largest. The brain size of Neanderthal man, who lived during the Paleolithic or Old Stone Age at least 25,000 years ago, is about 1500 cubic centimeters. This is of the general size of that of modern man. The Eskimos are reported to have slightly larger heads than the whites. It would indeed be farcical and naive to make college entrance dependent upon the size of the cranium. The foregoing examples indicate that there is no single line arrangement of features of human races with reference to the degree of resemblance to the anthropoids. Even if there were such an arrangement, it would still have to be proved that such a relationship explains racial superiority.

Certain diseases, such as smallpox, malaria, the venereal diseases, and cancer, have been studied from the point of view of the degree of incidence among the major races. There may be racial differences in susceptibility toward diseases, though the facts also show that differences in climate, sanitation, and other environmental influences play a part. It appears that no racial group has a monopoly of good or bad hereditary qualities.

Such differences of behavior and character as seem to exist between racial groups are due principally to the inequalities in the opportunities for social and economic betterment which have been afforded them — not to unalterable innate or hereditary differences. The existence of any race at the present time is proof of the fact that it possesses a majority of desirable characters, otherwise that race could not have survived.<sup>1</sup>

The most direct way by which racial superiority has been studied is by attempted measurements of innate mental capacity. The mental tests which psychologists have administered to members of the different races suffer from the fact that it is not known exactly what inherent mental capacity is. Thus all mental tests are really achievement tests. In fact, it is worth noting that it turns out in nearly every case that the people who come off best in the tests belong to the same racial group as that represented by the makers of the test.<sup>2</sup> The lack of

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 Speakers: E. A. Hooton, M. F. Ashley, Montagu, Kirtley F. Mather  
 Robert Redfield, The Social Implications of Race unpublished manuscript



uniformity in the cultural background of individuals therefore, makes the results of these mental tests difficult to compare. The most definite statement that can be made at the present is that the modern movement for testing intelligence and ability has demonstrated that if we take at random a large enough sample of the people in any race, there are some who are high, some who are low, and the huge majority of people are average in intelligence.

In the Army tests administered to the soldiers during the first World War it was found that Negroes from northern cities did better on the tests as a group than did whites from the rural areas of the South. Other test results show that the Chinese and Japanese score high on our tests as compared with American Indians. In all probability these results reflect variations in opportunity, the mental set while taking the tests, and other cultural features.

In discussing the important question of racial differences men are wont to forget the vital fact that structure is inherited but behavior is not.<sup>1</sup> Individuals definitely differ in their inherited capacities but the social and economic opportunities a person has are also important in the final determination as to who will be the musician, mathematician, or successful businessman. Faris tells of the Janizaries who were Christian boys reared by the Turks. These boys became fanatical Mohammedans and to make the irony complete, were used as guards and troops against the Christians.<sup>2</sup> As a group, the Eskimos cannot count beyond ten, nor have they the need to do so but some Eskimos have learned calculus as a result of association with teachers of the subject. It is customary to hear English spoken in our part of the world, but what is customary should not be regarded as natural. Any group of people can learn to speak any language. The variability of sounds which most of us can make during infancy is capable of being conditioned to any number of languages or to a rigid dialect of any one language.

Man's superior mental capacities are the reason why man enjoys a more complex life than is possessed by lower animals. The attempt though to project this comparison to various

<sup>1</sup> Wm. F. Ogburn and M. F. Nimkoff *op cit* p. 100

<sup>2</sup> Ellsworth Faris *op cit* p. 334

groups or races of men — that is to use the idea of biological evolution, is untenable. It is highly probable that since the species *homo sapiens* evolved no appreciable biological changes have occurred in man. The differences in the levels of cultural attainments of various groups of men are to be explained culturally, and not biologically in terms of racial differences. Civilization is, therefore a matter of tradition: it is a culture heritage; it is transmitted by means of contact, sometimes formally in schools, at times informally by means of apprenticeships of family contacts. But transmitted it is: it is not inherited and seems to be quite independent of the biological differences that divide races.<sup>1</sup> Yet external racial features have been used as convenient pegs upon which to hang all kinds of imagined internal differences: moral, mental, and emotional. Racial differences do not make for social problems. Instead, the social consequences are the result of what people think about the biological facts.

**Racial Prejudice** Even if it were proved that the major races of the world are merely abstractions or that races, though real, were created equal in every respect, it is important to remember that the vital fact is what men call races when they show racial prejudice. When one views the recent and present relations between races in different parts of the world he must necessarily be impressed by the magnitude, the tenacity, and the apparent spontaneity of racial prejudice.<sup>2</sup>

Thus most people regard racial prejudice as inevitable as arising from some simple inherited tendency such as an aversion of race to race which is bound to express itself and to dominate race relations. Yet the thesis that racial prejudice is a product of inborn attitudes has been completely repudiated by sociologists. The actual facts of race relations indicate that race relations are variable. Frequently racial prejudice may not appear in racial contacts; if present, it may disappear or, although present, it may not dominate the relations. Instead of thinking of racial prejudice as (a) simple matter it must be viewed as a highly variable and complex phenomenon.

<sup>1</sup> Ellsworth Faris *op cit* p. 337

<sup>2</sup> Herbert Blumer, 'The Nature of Race Prejudice' *Social Process in Hawaii* University of Hawaii, Hawaii, June 1939, p. 11

There are many instances where members of divergent races may associate in the most amiable and free fashion, intermarrying and erecting no ethnic barriers between them. In other instances there may prevail rigid racial exclusion, supported by intense attitudes of discrimination.<sup>1</sup>

In America we know of the southern white prejudice toward the Negro but the intensity of prejudice of the South African white toward his colored neighbors is greater. Practically all groups of the most recent immigrants to America have been the object of prejudice on the part of already settled immigrants or their offspring. Faris recounts the story of the arrival of Bohemian farmers in Texas who were regarded as inhuman for they worked their women in the fields, they went without shoes and it was commonly believed that they lived in their houses like animals, devoid of the normal human comforts.

In the 1880's the issue of excluding the Chinese became a national one, though the first Chinese were welcomed and thought interesting. The Turks are hated by millions of Americans who have never seen a Turk. At one time the physical differences between the Normans and the Saxons in England were accompanied by strong prejudices though today such prejudices have disappeared. These examples serve to indicate the variability of race prejudice and the fact that its presence is a product of certain kinds of experiences and situations.

Race prejudice always exists as a group prejudice directed against another group. This means two important things. In the first place, race prejudice is held in common by a number of people who stimulate and reenforce the attitudes of one another. This is accomplished in diverse ways such as through the observation of one another's actions and feelings through conversation or writing in which stories and myths are circulated so that all of these items come to be collectively shared. In the second place, race prejudice emerges only when individuals become socially visible so that they can be classified as belonging to the group which is the object of prejudice.

For example we may speak of prejudice against the Jew, Catholic, the Negro or the Oriental. In these cases each stands respectively for certain large classifications or categories in which

<sup>1</sup>*Ibid* p 11

<sup>2</sup>Ellsworth Faris *op cit* p 319

we mentally arrange people. Thus the development of race prejudice is never based on an individual as such, but on the processes by which a group becomes conscious of the fact that a person or persons belong to, represent or are included in a conceptualized group.

An interesting though facetious example of the way that visibility of racial differences makes for racial problems is to be noted in the case of shinbones. Anthropologists use the shape of the outline of the shinbone — a biological trait — to classify races. But this trait has no social implications. No prejudice exists against races with flattened shinbones, because no one can see if they are flat or not. The biological traits that matter for human affairs are those which are readily seen.<sup>1</sup>

Racial prejudice can be directed toward a particular individual only by identifying that individual with a group and then by projecting towards him the attitude already formed toward that group. Thus if a person can be identified as a Negro the attitude that one has towards the Negroes can be directed toward the individual. If a Negro can disguise himself so that he cannot be recognized as a Negro, he may escape the prejudicial attitude which is held toward the Negroes. Though the Nazis are certain that they are a separate race and a superior one at that this superiority cannot be depended upon to identify Jews or Poles without compelling them to wear colored armbands.

This is the point at which race and racial differences throw some light on the problem of racial prejudice. Such an observable external racial trait as skin color which is easy to identify and difficult to disguise serves as a ready made way of calling forth prejudices already established. Racial traits such as color, hair form, and facial features serve usually to reawaken and to stimulate prejudices which may have been caused by cultural factors and at times far removed from the experiences of any person now alive. In fact prejudices may be called forth by such social factors as language, religion, differences in food habits, dress, or moral codes which make individuals socially visible and prevent us from including them when the word "we" is used.

<sup>1</sup>Among the isolated farming people in the midwest highlands

Robert Redfield *op cit*

of Guatemala, the difference between an Indian and a man who is not an Indian is a difference of customs and manners almost exclusively. If an Indian assumes the customs and manners of the dominant European group then he is no longer an Indian. In that little part of the world little attention is paid to the color of a man's skin or the shape of his face. Among these simple farmers it makes almost no difference, in inviting a guest or arranging a marriage, whether the skin of the individuals involved is dark or light. His customs and his manners matter.<sup>1</sup>

Americans generally do not have a prejudice towards red heads or blue eyed persons because there has never developed in our culture any mental grouping of these types. On the other hand an existing prejudice may serve as a rigid framework inside of which people are viewed. The American gentile will ordinarily have a concept of the Jew which takes no recognition of the keen conceptual differentiations that the Jews are liable to make among themselves such as between Spanish Jews, German Jews, Russian Jews, or Polish Jews.<sup>2</sup>

Though the chief feeling or emotion involved is one of dislike, hatred or aversion, actually racial prejudice is not so simple. Instead it is made up of a variety of feelings and impulses of differing combinations and intensities in different situations.

Hatred, dislike, resentment, distrust, envy, fear, feelings of obligation, possessive impulses, guilt — these are some of the feelings and impulses which may enter into racial prejudice.

Some of these feelings and impulses may be vivid and easily identified, others are obscure, and still others may be present without their presence being realized.

The impulses and feelings that come to be embodied in a given instance of racial prejudice have been induced and shaped by past and present experiences.<sup>3</sup> Racial prejudice is often a means for the release of various feelings which may be the result of experiences which have no relation to the group towards whom prejudice is shown.

The tendency of people to consider themselves and their way of life as superior to other people with different ways is not the decisive factor in racial prejudice. The nature of the social situation in which racial prejudice is usually most acute, serious and pronounced displays the following characteristics. First

<sup>1</sup> Robert Redfield *op cit*    <sup>2</sup> Herbert Blumer *op cit* p. 13    <sup>3</sup> *Ibid* pp. 14-15

the two groups, racial, ethnic, or economic must live together. These two groups must be related in a superior-subordinate manner, in which the subordinate group is accepted to some extent by the dominant group. The association of the two groups may be one in which one group has come to accept, or has become accommodated to its subordinate role, or an association which is impersonal and unintentional, and represents merely an economic interdependence between the groups. Second, the subordinate group is limited in its privileges and opportunities in society. The members of the subordinate group are the objects of various kinds of exclusion and discrimination; they are assigned to an inferior status and are expected to keep their place. These necessary conditions for the emergence of prejudice call forth prejudice only when the dominant group fears that the subordinate group is not keeping to its place but threatens to claim the privileges of the dominant group. It is this *felt* threat to the status, security, and welfare of the dominant group which is most important in prejudice. Thus the Negroes in northern cities are the object of more intense racial prejudice than are those in rural areas in the South. Usually in the former area, especially in times of economic stress, the Negroes are sensed by the whites as getting out of their place and threatening the position held by the whites. If the threat is felt to be great, the prejudice which will be shown will also be great. The extent of the threat is influenced by the size of the subordinate ethnic group, its militancy, its clannishness, and the extent of its claims (real or imaginary).

The disappearance or control of racial prejudice, therefore, depends on the condition that the subordinate group be no longer considered a threat. This may be brought about in a number of ways. There is the hope that the extension of knowledge of the meaning of race, the nature of culture, and the causes of cultural change will reduce racial problems. However, man's ability to rationalize his conduct stamps this avenue as discouraging. In caste societies like India of years ago the subordinate group might accept its assigned role and thus relieve the pressure. But this method gives no assurance that if other conditions bring insecurity to the dominant group, the subordinate group will not be used as a scapegoat. The subordinate group might

attempt to segregate itself so as to reduce its contacts with the dominant group, but this adjustment also appears to be a temporary stopgap under conditions of modern transportation and communication

The most successful manner, and also the most difficult, by which the subordinate group can hope to dissolve prejudicial attitudes is to change the very way in which it is conceived by the dominant group so that the subordinate group is no longer felt to be a threat. If a person cannot be labeled with the mental tags already existing towards a particular group, he cannot be a good object of prejudice. Groups which are the object of prejudice must try to change the idea which people of other groups have of them. Consequently, the most fruitful way to dissolve racial prejudice is to get individuals and groups to appreciate their common human character. This means that opportunities must be provided for people to enter into intimate contact, and to come to identify themselves with one another by learning one another's personal experiences.

**Minority Groups in American Culture** In America, diversity along cultural lines has been more important than distinctions based on racial differences though the two have been related to a degree. Different cultural practices in various parts of the country, and even in the same locality can be explained in part by ancestral heritage or by physical isolation or segregation. Sometimes poverty helps to reenforce cultural differences, as among the poor white and Negro families in the cotton and tobacco belt. Language may also act as a cultural barrier, as among the Swedish, German, and Czech communities in our Northwest. Religion has been instrumental in the cultural isolation of the Mormons, as have the conditions of migratory labor which are characteristic of the Mexicans in the Southwest. Yet, under the impact of mass production, distribution and modern means of communication cultural diversity is beginning to diminish. On the other hand the differences in opportunities related to economic status, occupation, and education are becoming more pronounced. Race plays a role in cultural diversity only when it becomes associated with these social facts and at times, racial conflict may be translated into conflict between different economic, occupational, regional or religious groups.

If conditions favor the persistence of racial distinctions the elements of conflict may even be intensified. Thus, the adjustment of minority groups to our culture may become an extremely complicated affair involving racial traits and historical economic and psychological factors.

The way of life among many of our rural groups is very similar to that which existed in an earlier historical epoch. Though city ways and industrial processes have had some influence the change of life conditions has been fairly gradual in rural America. In our Northwest, the immigrant groups and the older native stocks have adjusted themselves to established American institutions with little strain because the tasks of pioneer life and the wide open spaces make assimilation relatively easy. Of course, complete cultural participation has not always taken place in the rural Northwest. In the early stages of contact with new and different cultural groups the tendency toward mixed marriages was slight but in later generations intermarriage proceeded fairly rapidly. Even today there are social barriers in terms of language differences, indifference, and prejudice.

In our Southwest the culture of Spanish American settlers followed much the same career as that of farmers who came from northwestern Europe to settle in our northwestern states. During recent decades however, the agricultural migratory workers from Mexico have brought new problems. These migrants of Spanish speaking ancestry have entered the United States especially since 1900 to take part in the increased activity in agriculture and industry. Undoubtedly the development of railway travel and the civil strife in Mexico were important factors in their mass migration. Upon their arrival in the United States most Mexicans took unskilled jobs and to this day they are concentrated in such jobs. They are day laborers and tenants in the southwestern states and make up section gangs on western railroads. They are on the beet farms in Colorado and the fruit groves in California. They are 'muckers' in the western mines and the laborers in the industrial mills of some of our large middle west cities. The typical Mexican laborer is still the migratory worker who picks cotton and melons, cuts lettuce, pulls onions, ties spinach and carrots, and thins sugar beets.



With the change in the growing seasons he roams the states of the Southwest, staying in one place as long as there is work to be had. This nomad type of life has brought serious problems of proper housing and educational facilities. Sometimes these conditions are aggravated by economic competition and racial prejudice.

Another group which has been relatively isolated because of cultural conditions are the Mormons. Located since the 1840's in the Great Basin area centering in Utah, their cultural group manifests a strong similarity to the colonial New England society. Their emphasis is on religion, education, and moral discipline. Until recently primarily an agricultural people, the Mormons live in villages rather than on isolated farms where the characteristic features are a sectarian ideology and marked solidarity.

In the Southeast cultural distance among white groups is largely a product of physical distance and poverty. The share cropper, tenant, or small farmer finds his cultural life greatly tinged by the historical economy of cotton cultivation. Soil erosion, dilapidated homes, and lowered prices of cotton have educated these people to a low standard of living and have led them to a migratory life. They usually change residences once every three years, though they move about in a narrow circle between neighboring counties. As a result education is often neglected, membership in community organizations is transitory, and their neighborhood status and credit are low. Their women and children work long hours in the fields, and their home hygiene and health practices are backward.

The culture of the southern highlanders in the Ozarks and Appalachians has also come into prominence in recent decades. Though these groups represent the survivals of a backwoods America and probably the only genuinely indigenous American culture aside from the Indian, their contact with modern ways as typified by the TVA program is rapidly changing their pattern of life. Coon hunting, folk songs, fiddling, play parties, handicrafts, and the leisurely ways of mountain life are giving way to depleted forests, soil erosion, and part time employment in coal mines and industry.

In the cities, especially the large ones, cultural diversity is accompanied by more stress and strain than in the rural areas.

One reason for this is the fact that most of the foreign born people living in our big cities have come from rural peasant areas of south and southeastern Europe. The transition from a simple rural life to modern city living produces a cultural shock for many of the foreign born. Though most immigrants take the lowest unskilled jobs in the city and are subject to low living standards, there is a growing tendency for them and their offspring to rise in the economic scale. The greatest cultural diversity and segregation exist among the newest immigrant groups, but the virtual cessation of immigration and the influence of American institutions, such as the school, can be expected to lead toward cultural intermingling and assimilation.

The Chinese and especially the Japanese, though of different racial and cultural background are not serious problems because they are relatively few in number. In some respects they come from a similar complex civilization. Their adaptability to American customs and to a variety of occupations tends to minimize, though not to eliminate, cultural and racial conflicts.

The problems of cultural diversity in urban society assume greater dimensions because of the nation's rural migrants. We shall discuss some of these problems in the following chapter on Education, but the northward wave of Negro migration during the last quarter century is complicated by the persistence of racial differences. The cultural backwardness of the Negro peasant has also served to accord him a lower economic occupation involving rougher work, lower wages, and exclusion from union labor organizations. In practically every city the Negro is concentrated in one central district, where housing is poor and overcrowded, and rentals are relatively high.

At the present time, the Negroes are the most important numerical minority group in the United States. Though the Negroes are one of the most culturally isolated groups, the Negro adheres closely to the institutions established by the white men. In fact, the Negro population is by no means homogeneous biologically, economically or culturally. Most of the Negroes are of African descent, and are common laborers in the South but socially some Negroes have had the best educational opportunities. They hold important positions, and in some instances they circulate among the white population without any difficulty.

The important reason for the social differentiation among the Negroes is one of color. The mulattoes have been accorded opportunities which are generally denied to the dark Negro, though generally the mulattoes' professional or commercial status is confined to the Negro community. To some extent the best educated mulattoes have preferred to be associated with the whites rather than with the illiterate Negro laboring group. Despite the similarity of tastes, dress, interests, and education to the dominant white group, the mulattoes have been generally excluded from close association with the whites. As a result, the mulattoes have developed a different body of beliefs and sentiments that keep them aloof from the mass of Negroes. In this fashion they are a 'marginal' racial group, occupying the upper class stratum in Negro society but looking longingly for assimilation in the white culture. In recent years, however, led by W. E. B. Dubois, a small section of the mulattoes are cooperating with the Negroes to promote distinctive Negro institutions and customs. Nevertheless, many Negro intellectuals are still anxious to erase the social lines drawn between their group and the whites.

The history and development of Negro culture in America reveals the way in which economic and social — distinctly cultural — conditions influence the institutions and interests of group life. In this instance, cultural diversity is not caused but is merely reenforced by differences in racial traits which make classifications of people possible and as such serve to limit the opportunities of certain groups.

In our history, the existence of diverse cultural heritages has often been regarded as an evil to be eliminated. Towards this end, movements have been initiated to supplant the cultural life of minority groups with American ways. More recently some scholars have claimed that this method serves only to aggravate personal and social conflict. Their attitude is that assimilation must take place though the process of natural spontaneous association in which people of diverse cultural backgrounds are given the opportunity to share in common enterprises. Accordingly there has been a waning enthusiasm for the melting pot Americanization program and a demand to maintain cultural diversity.

The Indians represent an important experiment on the part of our Federal government to recognize and foster cultural autonomy. This program must be viewed in the light of the fact that the Indians are the wards of the Federal government, and by the fact that in so far as they are segregated in reservations they are the least Americanized or assimilated of all groups. As late as the 1870's our policy was one of exterminating the Indians. Following that period we sought to reconcile the Indian and white cultures by breaking down geographic and cultural boundaries. Today we are attempting to preserve and develop the traditional patterns of Indian life. To accomplish this a geographic economic base has been established for the Indian, the scourges of tuberculosis, trachoma, and other diseases have been wiped out and his tribal life has been restored. Accompanying these efforts we find that the Indians are growing in numbers at a more rapid rate than any other group of our population. In Alaska, where the Eskimos are dependent upon the reindeer for food and clothing, the United States government has turned over all the non native owned reindeer to the Eskimos. On the semi arid stretches of the Navajo Reservation in Arizona, New Mexico and Utah the Indians have been taught proper methods of soil conservation. This has necessitated among other things, that the Navajos give up their wild horses which were economically unproductive and caused soil erosion. In view of the fact that the horse is a symbol of prestige to the Navajo such a voluntary sacrifice indicates how the Navajos are learning to appreciate the intricacies involved in their economic rehabilitation.

The Federal government has encouraged the Indians to practice their old arts and crafts such as clay pottery making, basket weaving, rug weaving and the making of silver ornaments. Many Indians are developing some remarkable abilities as businessmen, and the sale of inferior quality tourist knick knacks which were represented as authentic Indian goods is now giving way to the production of better Indian wares. One difficulty in this plan has been the tendency of young Indians who have been educated in distant schools, to look with scorn upon their tribal life and to cause factional splits between themselves and the elders. Much has been done also to encourage

the practice of traditional Indian religion and ceremony Festivals and dances as old as Indian memory itself are encouraged Thus our present policy toward the Indians is to accept their different culture and to provide opportunities for the interaction between their culture and the white culture

There is great diversity in the cultural influences at work in American civilization On one hand the trend is toward the assimilation of historical regional and ethnic cultures on the other hand new lines of social conflict are appearing in the course of present economic changes and in the differences in social and economic opportunities

**The Marginal Man** The actual operation of racial and cultural factors is best revealed in the emergence and career of the marginal man <sup>1</sup> Sociologists are agreed that it is more satisfactory to explain the conduct of mixed bloods such as the Eurasians of India and the mulattoes and half breeds in the United States in terms of a particular cultural setting than by reference to biological factors That hereditary explanations are incorrect may be supported by the fact that immigrants or descendants of immigrants who are subjected to the influences of the new cultural group also belong to the marginal man type The intellectual Jew is a familiar example because of his religious tradition whereby clannishness is treasured, while by choice and economic interests he may be a partial member in another cultural group The boy or girl who has loyalties to two cultural groups which have opposing values such as in the case of one's high school friends and one's family is a genuine marginal person

Thus, the personality of the marginal man develops on the borderline of two traditions each claiming his loyalty The marginal man is a person who becomes identified with two cultural groups which are in some measure in opposition and which have different positions in the social order Such a person is not essentially a racial hybrid as much as he is a cultural hybrid In a sense he belongs to both cultures — to one by

<sup>1</sup> Robert E. Park has coined this concept Its fullest treatment is available in Everett V. Stonequist's *The Marginal Man* (Scribner's, New York, 1937) See also R. E. Park, "Human Migration and the Marginal Man," *American Journal of Sociology* XXXIII (May 1928) 88-93 and E. V. Stonequist, "The Problem of the Marginal Man," *American Journal of Sociology* XI 1-12 (July 1935)

birth, to the other by choice — and yet he is unable to feel at home in either one. The fate of the marginal man is both interesting and important for he represents two cultures which divide his soul.

In this cultural no man's land the marginal man becomes a form of conflict to himself. He represents the struggles of both cultures in miniature form. This conflict is relatively unimportant unless it has an effect on the way he conceives of himself. It is his sensing of the clash which usually makes him highly imaginative, for problems stimulate thinking. When one cannot direct his conduct by the light of established group codes, rules, or formulas, he is made to fall back on himself to work out his own destiny. Life becomes a problem solving affair, with its hazards and uncertainties. Another characteristic of the marginal man is his isolation. Because he does not, and usually cannot, gain acceptance in the culture which enjoys prestige in his eyes, because he does not want to identify himself with the culture he regards as lower, he feels that he has no status. He is disappointed with himself. Instability characterizes his emotional life and he is in a state of continuous tension. His behavior is random, meaningless, purely expressive. The marginal man is a sensitive and introspective person, who is usually given over to moods, brooding, and feelings of insecurity. His conduct and personality are of a makeshift character.

In this state the marginal man can make either one of two adjustments. The fact that he makes an adjustment does not mean that he solves his problem to his complete satisfaction because any adjustment has its roots in the fact that the higher culture never fully accepts him as a member. He can (1) identify himself with one or the other culture or he may (2) detach himself from the agonizing situation. In the first type of adjustment, the marginal man may identify himself with the culture which rejects him (in his imagination only) and come to hate the other group which he feels is responsible for his difficulty. This is a rare type of adjustment and is illustrated in most instances by the mulatto who is not quite light enough to circulate as a member of the white group. The more frequent type of adjustment is for the marginal man to overchampion the lower culture to which he belongs by birth, ties, and which

is anxious to accept him. In this situation the marginal man becomes militant and cause espousing. His fight on behalf of the rights of his group serves to give him security in that any rise in prestige for his group will bring personal prestige as well.

The marginal men whose adjustment is characterized by flight from the situation choose from three subtypes of adjustments. Some develop a life of mysticism and in the development of an imaginary world they remove at the same time the obligation of dealing with the actual world. Others merely detach themselves from the situation by ceasing to concern themselves about it. These marginal men manipulate the conflict between the two cultural groups to their private advantage as in the case of some Negroes who continue to live among other Negroes (out of necessity) and use the latent racial prejudice toward the whites to capture the patronage of Negroes for their economic gain. Finally there are marginal men who seek to assert themselves above the cultural groups. These are the 'I am I' type who are bitter in their denouncement of both cultural groups.

In these situations the marginal man sometimes introduces new patterns of conduct which others may imitate. Thus new cultural patterns arise. It has been shown without resorting to biological factors as such how the career of the marginal man reveals the process by which cultures change and personalities are modified.

**Racism and Nationality** In the past two decades there have been attempts to revive the creed of racism. Ever since Count de Gobineau's *Essay on the Inequality of the Human Races* (1854) many writers have tried to prove that their nation and nationals constituted the 'superior race'. At the close of the nineteenth century this belief took the form of the Nordic Complex and was used to unify and expand the nation. In England Rudyard Kipling spoke of the white man's burden and the slogan was taken up by Maurice Barres for France and by Houston S. Chamberlain for Germany. Even America was infected with the "germ" at the very time we had settled our 'last frontier'. Following the lead of the historian John W. Burgess philosophers, military men and politicians were clamoring for a 'larger nation' — an empire — so that the benefits of our Nordic civilization could be spread among the backward peoples.

of the world — even if they didn't appear anxious to receive these blessings

Today Germany has revived the myth of racism through the Nazi doctrine and propaganda. Hitler's program of the pure Aryan race has been identified with the German nation and has been used as a political weapon to suppress certain groups in Germany and to expand Germany's boundary line. The revival of fervent Italian nationalism has also utilized the dogma of racism. In the summer of 1938 Mussolini proclaimed the Italians to be members of the superior race.

### TERMS TO BE UNDERSTOOD

race	prognathism
culture	physical traits
effective environment	social visibility
mutation	cultural diversity
natural selection	melting pot
race mixture	marginal man
identical twins	racism
Aryan	caste

### QUESTIONS FOR DISCUSSION

- 1 Does man's natural habitat determine or condition his culture? How?
- 2 Does individual human inheritance have any influence upon social life?
- 3 How would you assess the importance of the biological factor and the natural environment in molding the differences among cultural groups?
- 4 Compare social factors with hereditary factors in explaining the changing role of women in history.
- 5 What role do mutation, selection, interbreeding, and environmental forces play in the division of races?
- 6 What is the nature of the claims which the Nazis make of Aryan racial superiority? How do you evaluate these claims?
- 7 A young white girl has a violent prejudice towards Negroes. How would you prove to her that her attitude is not innate or inborn?
- 8 Under what conditions does race prejudice arise and decline?
- 9 What are the different ways in which the human race may be classified into races? What is the basis and value of such classification?
- 10 Discuss the statement: "There are no pure races."
- 11 Show how our attitude toward (a) the Negro and (b) the Indian has changed since 1870 or so. To what do you attribute this change?
- 12 In what respects do we in the United States live up to the principle that "All men are created equal"? In what respects do we depart from this principle?



- 13 What is the value of analyzing the career of the marginal man to the topic of race and culture?

## FOR FURTHER STUDY

- Benedict Ruth *Race Science and Politics* Modern Age Books New York 1940
- Boas Franz *The Mind of Primitive Man* rev ed The Macmillan Company New York 1938
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## CHAPTER 9

# EDUCATION

### SOCIAL FORCES AND EDUCATION

Man makes adjustments to life through learning and not by relying on instincts. As society becomes complex, organized education, in the form of the school, is one of the primary means of transmitting the cultural heritage of the group to its members. To some degree the school must reflect the experiences, hopes and fears of the social group in which it exists. Education therefore is an important agency in socializing the individual and in protecting society from disintegrating forces.

**The School in the Social Order** The school is part of the web of social life. Some features of the school are determined by the influence of forces operating within the institution itself but always the social forces from without influence the philosophy, curriculum and objectives of the school. The history of Germany and German institutions affords an excellent example of this thesis. Before the year 1800 the Prussian state emerged as an absolute monarchy. The educational system became a function of the government and was used to maintain the class society which had been established. Thus a dual school system provided relatively few years of education for the mass of common people while the few members of the elite were given an elaborate and extended education.

Likewise in France and England before 1900 education was patterned after and operated for the prevailing social order. In England the only way open to higher education for the common folk was the highly competitive examinations. The class society of France was reinforced by the *lycee* where the elite were given a thorough training especially for governmental service, and the *ecoles primaires* served the masses.

When the early English settlers founded the New England colonies, they naturally brought with them the ways of life of

their former land. As a result there appeared the outlines of a class social structure. In the settled areas Latin grammar schools were established to prepare the sons of the elite for colleges such as Harvard (1636) where they were trained mainly for the ministry. All along the frontier however conditions forged a common way of life for all who occupied the stockade and as a result the unit system of education (that is a common system for all) was founded. In the South the situation was different. The plantation system favored the retention of the European order hence the society in general was based on a class system in economics politics social life and education.

The period 1830-1860 however defined our political philosophy with respect to public education. It was in this period that our public elementary school unit was firmly established. The emergence of the democratic state was and is still the background for the dynamics of public education. The election of Andrew Jackson as president signalized the rise of the common man. We came to regard our educational system as the means of making effective our experiment in democracy. By 1860 many states had accepted the idea of public support of elementary schools. Our high school unit however was not free and universal until after 1874. In that year a Kalamazoo court decision, to the effect that the city had the right to spend public tax money for the maintenance of high schools was upheld on the reasoning that the high school was essential to the general welfare of the community.

With all the gains in extending free public education there are those who are critical of the American high school because its doors are open to all youth. They tell us that our program of free universal secondary education is a failure. In answer to this position the proponents of our present educational policy declare that the desires of the common man have always meant something in the common enterprises of social life in America. A true democracy cannot properly function without educated citizens but knowledge itself is no more productive than hoarded money. In and for democracy the schools must develop personalities able to use knowledge for gaining integrating and reconstructing experiences full of meaning for the society which they effect.

**Education under Democracy and Dictatorship** It has been part of the American tradition that the democratic way of life must rest on a foundation of public education. Modern dictatorships however also believe in public education. In fact when Hitler came into power the school system was one of the first institutions which he sought to control. It is apparent therefore that though modern democratic societies must extend educational opportunities to their members the motives behind their educational programs are different from those in dictatorial nations.

Our statesmen have long realized that our experiment with democracy would work only if the individual had an understanding necessary to pass intelligent judgment on public issues. The prime necessity for the effectiveness of democracy has been the critical understanding which the citizenry had of the workings of the basic political, economic and social institutions. It has been the democratic theory to provide the individual, regardless of economic status or social class, free opportunity for intellectual growth and cultural development.<sup>1</sup> This position assumed that the benefits conferred upon the individual would result in the greatest social benefits. In dictatorships there is no such respect for the individual. Many persons and groups are marked for a life of limited opportunities and suffering. In a democracy the educational system cannot be used to build up or perpetuate class and race differences. Yet it is possible for class differentiation to take place in a subtle and unintentional manner even where education appears to be free to all. In many economic and social spheres educational status is a major requirement for opportunity. (See Fig. 12.) It is obvious, therefore, that a democratic nation cannot allow the provision of many educational opportunities for a few while for many others the opportunities are meager. The social stratification, regional and racial inequalities which are purposely planned in dictatorships, and which may exist to some degree in a democracy, constitute a major challenge to democracy itself. In a dictatorship the school is used to inculcate an unquestioning faith in and obedience to the "rules handed down from above."

<sup>1</sup>National Resources Committee *Problems of a Changing Population*. U. S. Government Printing Office, Washington, D. C. 1938, p. 193.

The individual is molded to think and to act in the ways deemed desirable by the state. But a democracy can exist only when there is freedom to learn, freedom to cultivate the intellect to pursue the quest for truth and to make this truth widely known.

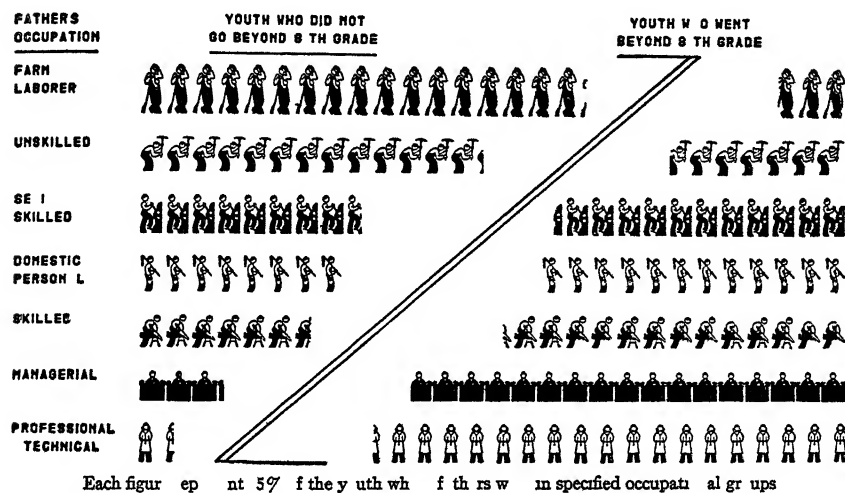


FIG 12 RELATION OF FATHERS' OCCUPATIONS TO THE AMOUNT OF EDUCATION THEIR CHILDREN RECEIVED

From Howard M. Bell *Youth Tell Their Story* American Youth Commission  
American Council on Education Washington D. C. 1938 p. 59

The order and stability of every society depend on the degree to which members of the group share the same beliefs and participate in common ways of life. The democratic society is faced with the problem of maintaining its unity while at the same time its members are allowed to differ with one another with respect to certain issues. Some people believe, therefore, that democracy must follow the dictatorships in using the school as an agency to indoctrinate its pupils with a common outlook on life. In fact, their view asserts that the school cannot remain impartial and objective, try though it may; therefore the school must take the initiative in molding the thoughts and action of the individual. In recent decades such democracies as France, England, and Switzerland have acted in accordance with this philosophy. The highly centralized school system served the state in glorifying the history of the nation. This type

of education has been termed 'training in citizenship or civic education' <sup>1</sup>

Another viewpoint regarding the relationship of education to democracy repudiates the above mentioned position. The progressive realist holds that the school must teach the student to analyze the social order critically. The school is to be the instrument for freedom of discussion based on objectivity and experiment. The school is to help in the work of planning the future society, but should not serve to bring about a society already 'planned' by the party in power.

Under a dictatorship there is no desire to make the individual think for himself. A critical view of the operation of the social order is avoided and even penalized. Instead of regarding the individual and his happiness as an end in itself the dictatorship state deems it essential that the individual be subordinated to the cause of the state. Higher education is bent to serve the political ends of the state and when individual scientists and scholars wish to devote themselves to pure research or to criticize the policies of the community they are dismissed, exiled or placed in concentration camps. In fact the dictatorship state does not respect higher education as does a democratic state. As a result there have been many retrenchments in certain fields of higher education.

The traditional purposes to which the American educational system has been dedicated have been achieved only in part. No other nation has conferred educational benefits upon the individual as we have yet our policies have led to an overemphasis on the personal and private values of education. There is great need for our educational system to provide adequate training in citizenship. This training must be in social understanding and directed to a critical analysis of the ideals and operation of the democratic way of life. The ability or the inability of American institutions in general and the educational system in particular to foster the spirit and methods of scientific inquiry may prove to be the decisive factor in the progress or decline of democracy' <sup>2</sup>

<sup>1</sup> Charles E. Merriam *The Making of Citizens* University of Chicago Press, Chicago 1931

<sup>2</sup> National Resources Committee *op cit* p 251

**The Expansion of American Education** The rapidly changing American scene has brought perplexing problems for the schools and youth. Some decades ago under rural agricultural existence the problems of life were relatively few and the education necessary to cope with life was likewise simple. With the industrialization of life however individuals are subject to more stress and strain. There are many more problems today which every individual has to face and many of these problems are national in scope. As a result education must serve to deepen the social insight of the citizen so that he will be able to pass intelligent judgments on public issues. Since 1920 the urban population has exceeded the number of rural dwellers. The industrial processes of specialization and standardization which have accompanied the urbanization of our population have served to narrow the opportunities for youth to engage in life activities which are both economically productive and educational. Consequently many young persons have been forced to choose between a routine unskilled job, prolonged years of schooling or idleness. In fact the effect of industrial development in recent decades has been to reduce the employment opportunities of young people and has left them the latter two choices.

In the ages ten to fifteen 6 per cent of the boys and 3 per cent of the girls were gainfully employed in 1930 whereas twenty years earlier the percentages were four times greater. Actually there were fewer persons of these ages employed in 1930 than in 1870 although this age group increased in number by eight and a half million persons during that period. The depression also served to limit employment for youth but even before 1930 persons aged sixteen to nineteen were finding fewer opportunities in industry. Labor unions have fought for increasing facilities in public education partly because of humanitarian motives towards youth and partly to maintain high wage levels for adult workers. Employers too are demanding more educational training of prospective workers. In a study made of employment policies in 190 different classes of industrial and commercial positions in Chicago it was found that more than half of them required at least a two year high school education.<sup>1</sup>

<sup>1</sup> National Resources Committee *op cit* pp 195-196

Another condition which increased the educational burden of the community was the growing social consciousness of the state governments. This has resulted in the prohibition of child employment. Since 1938, the Fair Labor Standards Act has committed the national government to a similar policy though only the young persons engaged in economic activities involving interstate commerce are affected. For many years the states have enacted compulsory school attendance laws to make effective their child labor laws. Between 1852 and 1918 all the states passed such legislation. Many of these laws however have been meager and poorly enforced nevertheless this movement marks one of the major educational contributions America has given to the world. In the meantime the school leaving age has also been advanced. A quarter century ago only three of the forty eight states required school attendance to at least the age of seventeen. In 1936 there were twelve states in this category. The trend has been to extend the school years at both ends going down to those aged six and up to those aged eighteen. In essence this legislation is a departure from the belief that the child is a concern only of his parents and shows a recognition of society's responsibility for youth. In practice, this trend has meant that whereas in 1890 one child of every fourteen of high school age (fourteen to seventeen) was in high school by 1936 two of every three boys and girls of high school age were enrolled. In recent years the automobile has contributed to this expansion by bringing the consolidated high school to rural areas. No doubt the depression accelerated this upswing but in the main the movement has been a result of social forces rooted in American life. On the college level there has also occurred an increase. Only one in every twenty of college age was enrolled in 1910 by 1932 one out of every eight persons of college age was enrolled in college.

One of the social forces which has been operating to change the community's responsibility for education has been the changing population pattern. There were fewer children of elementary school age (six to fourteen years) in 1930 than in 1920. In all probability, this decline will become more noticeable by 1945 even for children of high school age. Expressing this in another way, there were more than 1000 children under eighteen years



of age per 1000 adults aged twenty to sixty nine years in 1860. This ratio had declined progressively and it is predicted that by 1970 there will be fewer than 400 children per 1000 adults.<sup>1</sup> Since the burden for caring for youth will be made lighter with regard to numbers, society will be enabled to take a new attitude toward youth by extending the period of education and by enriching the type of instruction. Thus one of the finest motives which operates to delay the entrance of youth into gainful occupation and to increase school enrollments is the changing attitude which society is taking toward youth and childhood as a period of development and adjustment. A better understanding of the meaning of infancy has made it clear that there are fundamental biological reasons why human infants require a prolonged period of growth and development. Society has come to regard the years of childhood not merely as a period of dependency but as a period for the development of the capacities of youth.<sup>2</sup>

#### MAJOR PROBLEMS IN AMERICAN EDUCATION

**Need for Curriculum Changes** About fifty years ago our high schools were attended mainly by boys who were a rather select homogeneous group intending to prepare for the professions. From 1870 to 1930 our high schools were democratized to include girls as well as boys. From 1870 to 1930 the high school enrollment nearly doubled every decade. By 1936 the high schools had 6½ million students. One effect of such large numbers of students has been the pressure to adapt the curriculum to the varied needs of young people. Most of our high school graduates do not go on to college and many of them are little interested in the traditional academic courses. This condition explains in part the fact that nearly a million youths drop out of high school each year without ever being graduated. It is becoming evident that the high school offering must be greatly reorganized if it is to serve the interests of its new type of student.

The Youth Commission of the American Council on Education has estimated that the persons aged sixteen to twenty four

<sup>1</sup> *Ibid* pp 194-195

<sup>2</sup> National Resources Committee *op cit* p 195

years contribute one third to the unemployed population. It is no wonder that youth, out of fear, confusion, and uncertainty, have sought to establish a basis for economic security through education. In the 1890's Charles W. Eliot recognized the existence of a varied student body and the need for establishing courses which were suited to the desires, interests, and the capacities of youth. The elective system which he proposed brought about a great increase in the number of courses offered in our high schools, especially in the fields of English, the social studies, commercial subjects, household and industrial arts, fine arts, and physical education.

The mere multiplication of courses offered in our high schools, though, tended to create another educational problem. Students became bewildered by the growing number of special subjects, many of which were totally unrelated to other courses in the curriculum. As a result, there is a great deal of attention being given to the need for an integrated curriculum. In many quarters there are appearing 'core' curricula which attempt to present to every student a complete picture of the major areas of human experience: the humanities and the physical, biological, and social sciences. Yet further adjustments must be made in our educational practices. Many youths are attending school not so much by a high faith in the value of education or by a driving intellectual interest as by a sense of bewilderment and a vague notion that going to school is at least better than just hanging around.<sup>1</sup>

Some people believe that the extensions and adjustments made in our high schools have been unnecessary and undesirable. They believe that society has no obligation to provide the masses with free high school education. They propose that we abandon our system of free high school training for everyone and return to the academic training of a small group of intellectuals. Undoubtedly, our high schools and our educational system in general have slighted the task of training for leadership, but it is inconceivable that the common man in America who has experienced the benefits of free public education will give up the idea. For a majority of the school children of this nation, the facilities for physical education, health education, and

<sup>1</sup> National Resources Committee *op cit* p. 199

recreation are extremely limited. Music and art are usually regarded as minor subjects and are eliminated when there is difficulty in meeting school budgets. One of the great needs of our schools is education for a variety of cultural and avocational activities. These activities should be fitted into the regular curriculum as well as into the extracurricular program. In fact, school buildings should be broadly defined to include facilities for public libraries and community center activities of an avocational, educational, and recreational nature.

The majority of Americans appear to welcome the extension of educational opportunities, but even among these striking differences of opinion exist. Some would like to see the abandonment of the traditional academic subjects for vocational ones, even to the point of establishing trade schools separated from the traditional high schools. Others see little value in training youth for specific vocations and claim that industry should be responsible for such training. Several local experiments, however, seem to favor an in-between view. In answer to the demand to broaden the training of youth, many concessions have been granted, although it seems certain that the American public will not consent to the segregation of some youths in strictly trade schools while others attend the academic type of school. There appears to be little doubt, too, that technological changes will force a greater emphasis on vocational training, even if vocational courses appear in the academic schools. As machinery takes more and more of the skill away from the worker, laborers will find that vocational training for specific jobs accomplishes little good. Knowledge of the operations, skills, and habits of work basic to many occupations can be the worker's best assurance to fit into one job as well as another. Furthermore, the type of vocational training which the schools will offer must be seen in the light of occupational trends. An important reason for the instability of employment opportunity is the rapidly shifting occupational pattern. The trend since 1880 has been away from the extractive industries, such as agriculture, mining, fishing, and forestry. Even for manufacturing occupations, there occurred a 2 per cent decrease between 1920 and 1930. As a result, farsighted vocational guidance and training should be in the direction of the clerical, service, and professional occupations.

The need for vocational education in rural areas appears to be especially great. Many of our rural youth will migrate to our cities where they will face the problem of establishing a new basis for economic security. If the rural schools neglect to train the students in the occupational fields peculiar to the city, the problem of individual adjustment will be aggravated. Probably as important as this obligation is the task of the rural community to explore the vocational opportunities which might be developed even in the rural communities. In some respects, however, the educational problems of urban and rural communities are similar. The high schools everywhere in the country must provide a curriculum that will insure a general training as well as a vocational program. All youth have the fundamental need for education in the social institutions of modern life. Youth everywhere share the common need of logical habits of thinking, historical perspective, and social participation in life situations. Perhaps the cultivation of general intelligence is the best guaranty of social and occupational adaptability.<sup>1</sup>

There is a question about the ability of the present educational system to provide the necessary vocational training and guidance. The fact remains that such governmental agencies as the CCC and the NYA work projects have been expanded greatly to handle this task. Yet no adequate institutional arrangement has been made to care for the unemployed youth. It may well be that the schools will not be called on to serve either the exclusive role or even an important role in the vocational training of our youth. Perhaps new governmental agencies can be coordinated with our present educational system so that the student will secure the advantages offered by both.

The complexities of modern life have made individuals more dependent upon one another. With the increased tempo and the highly specialized nature of life, the task of maintaining a healthy personality and an intelligence necessary to understand current problems has been made more difficult. We must remember that men do not live by bread alone. Even a nation under dictatorship like Germany is able to provide its citizens with jobs. The American program of education must avoid the danger of making vocational robots of its citizens. Yet it cannot be said

<sup>1</sup>National Resources Committee *op cit* p 212

that our school systems have been a vital force in the creation of social intelligence. Teachers must be accorded freedom to discuss with their students (in the light of the intellectual maturity of the students) the issues confronting our society. The curricula should be designed to make students adept at handling problems objectively and with a tolerant attitude. To make the student intelligent about the world in which he lives so that he will know what he is living for requires a better understanding of the essentials and ideals of democracy. It is less important that the American people should believe in the best solution of any particular controversial issue than that they should be able to understand what constitutes evidence and how evidence should be gathered. This means above all that it is not the function of the school to press upon the student any specific formulas for the solutions of social problems.<sup>1</sup>

**The Need for Adult Education** The social changes which have led to the democratization of our educational system for youth have also led to an expansion in the field of adult education.<sup>2</sup> Perhaps in the past the average adult could do very well in life with little formal education. The reason for this is that life was simple, it tended to remain very much the same year after year and the solutions to problems were fairly well known and uniform. This situation is no longer true. The individual is called upon to make innumerable adjustments to changing conditions. As a result education today means the passing on of a great volume of knowledge. For these reasons and the fact that many of our adults have had a meager formal education, it has become necessary to extend education into the adult years. Education for adults springs too from the increased leisure time due to the shorter working day. One of the most important trends in the twentieth century is the reduction of working hours in urban industry. The average number of working hours has decreased from 59.4 to 49.3 per week during the last twenty years which means that more than ten hours have been added to the week's leisure time.

The chautauquas, lyceums, private correspondence schools, and training systems provided by private corporations have declined as avenues for adult education during the past fifteen

<sup>1</sup> National Resources Committee *op cit* p. 200

years During this period, however, the number of adults participating in some form of organized education increased by more than three million (to a total of fourteen million) The increase is accounted for by the growing popularity of public forums evening schools university and agricultural extension courses and Americanization classes The greater part of adult education is vocational in nature, which is a response to the technological changes in industry and the severity of the depression years Over two million adults have been attending special vocational classes arranged by the federal government as a part of the unemployment relief program However many adults are not interested in vocational training as such, but in a general education which will provide an insight into world affairs Furthermore, much of adult education is closely related to recreation In many evening classes, adults pursue their hobbies or attempt to widen their social contacts Some groups including the Workers Alliances are organized on a political basis and attempt to impress the worker about his right share in the economy A decidedly growing field in adult education has been the participation in art groups museums, forums and public library study courses

In view of the new trends in adult education, it is claimed that education is being redefined Probably education can no longer refer only to the formal learning that takes place within the schoolroom It is apparent that the radio, newspaper, and movies have supplemented the process of education The newspaper, for example, contains such features as self administered intelligence tests, legal advice, the rules of etiquette, and the nature and remedies of certain diseases During the period 1924 to 1934 there was an increase of nearly five million in the number who listened to or participated in radio educational programs These communication and service agencies are being relied on even by the schools serving youth In times of epidemics, when schools are forced to close school lessons are broadcast over the air Many teachers find it helpful to make assignments based on certain movies radio programs, or newspaper features Though it might be expected that the field of adult education will continue to expand, the factors which will have a tendency to restrict this development are, first the

necessity of earning a living which requires time and second the tremendous appeal of recreational activities

**The Need for Personality Training** An interesting though neglected aspect of education is its relationship to personality development. In recent years a growing trend has become apparent in the direction of entrusting the training of personality to the school. Many parents take for granted or are little interested in what the school does to develop the intellectual abilities of their children. More and more parents are expecting that the school do something about the social life of the child. The ability of the school to assume this obligation is undoubtedly limited by the nature of the human trait we call personality. Personality may be viewed as consisting of two layers. The bottom layer consists of the basic stream of personality and is probably formed or fixed at an early age. This aspect of personality consists of the general way in which a person approaches others. Thus some people are aggressive, shy, courageous, meek, confident or vain in their social relations. Insofar as the basic personality is developed early in life, the home contacts and the influence of the family members are felt greatly by the child. This, of course, does not mean that the school cannot influence personality at all. The top layer of personality is the particular social role which an individual plays in life. Without question, the school is of great importance in fashioning the career of the future doctor, laborer or business man. Yet the tremendous increase in the enrollment in our high schools has placed an exceedingly difficult task upon the educational facilities in the accomplishment of this goal. We have traveled a long way from Mark Hopkins on one end of the log and a boy on the other. Teachers who instruct classes of thirty to fifty pupils in each of four or five classes every semester find it difficult to know each student intimately enough to recognize capacities and personality traits which should be developed.

It is possible that the school will encompass more of the personality training and social life of youth if children will be taken into the school at the age of four, three or even two. This trend will be further encouraged if the family continues to wish off the personality development function on the school. The big problem, though, which the schools will face is the availability

of proper facilities to serve this objective. Yet education might become more efficient and properly trained administrators, using refined psychological tests and equipment may offer a partial solution.

**The Need for Structural Reorganization** The history of each of the levels (grammar school, high school, college and university) of the educational system demonstrates the lack of coordination among the educational units. As an example, our grammar school is a direct importation of the German *Volk schule* which was established to provide most of the population with only the rudiments of education. We have been able to extend the days of attendance per year, secure better trained teachers, and it is thought that the eight year grammar school can be modified and shortened. Furthermore, our school system was established at a time when training a relatively select body of students was the chief task. Since 1870 increasing numbers have attempted to scale the educational ladder. This growing student body exhibits wide differences in home conditions, financial status and inherited capacities, and these factors have led to incoordinations between the levels of the school system.

The modifications of each of our units of the school system, together with the introduction of the junior high schools and junior colleges, appear to be the answers for a better synchronization of the various school units. In this phase of the educational system further efficiency might be expected. We are told, for instance, that the Kansas City schools do as good a job in the educating of their young in twelve years as is done in the St. Louis schools (both cities are in Missouri) in fourteen years, because, in part, of better structural organization.

In this process of reorganization, in some sections of the country our secondary school is being pushed down to include the last two years of the elementary school and upward to include the first two years of college. This tendency is in conformity with the objective of having the secondary school provide a general education for youth. If the school-leaving age should be advanced above its present average level of sixteen years, it would mean that our present junior colleges could be better related structurally to our high schools. Thus, at the present time, in response



to changing conditions many experiments are taking place in the structure of the educational system

**The Need for Equal Educational Opportunities** The most glaring and baffling problem which confronts our educational system is the vast difference in educational opportunities extended the youth of the nation. It is to be expected in a land of great size with differences in geographic and climatic features and in natural resources that some differences in education would exist. However the inequalities in educational opportunity are not slight and if continued might play a significant role in creating sectional prejudices or a class or caste society.

The city has been thought of as the home of rationality and innovation. It is not surprising therefore that generally the city provides most of the technical and higher educational facilities. Small towns usually lag behind in establishing vocational, professional night and summer schools, special schools for defectives and adult education. It must be noted however that such educational facilities as Americanization classes are needed most in the large cities; hence one would expect to find these facilities in the cities. Despite certain advantages many young people in the cities must leave school as early as legally possible in order to supplement the family income. Part of the difference in the quantity and quality of educational opportunities available in urban and rural communities is a reflection of the general tendency of city life to encourage experimentation, specialization and professionalization. This condition is possible partly because of the relatively large numbers of people in cities. But these differences also indicate that the city has greater financial resources and is the place where pressure groups are able to break down the resistance to changes in antiquated institutions and practices.

In this day and age when internal migration has the effect of making the intellectual and cultural level of any region influence the development of other regions the educational implications of population mobility are serious. For good or ill migrants enter into the social, economic and political life of the communities in which they spend their mature years. They carry with them their knowledge or ignorance, their occupational adjustability or lack of it, their ability or inability to participate

wisely in the determination of social policy.<sup>1</sup> Our urban populations which generally have the more advanced education are on the whole, producing fewer children than are needed for replacement. The adults in our society with inferior education are more than replacing themselves. This means that the educational opportunities afforded many of our rural youth, who will be the cityward migrants, are markedly inferior. Their curriculum is inferior, their teachers have little training, and the percentage of their children of school age attending school and the pupil expenditures are far below the national norm.

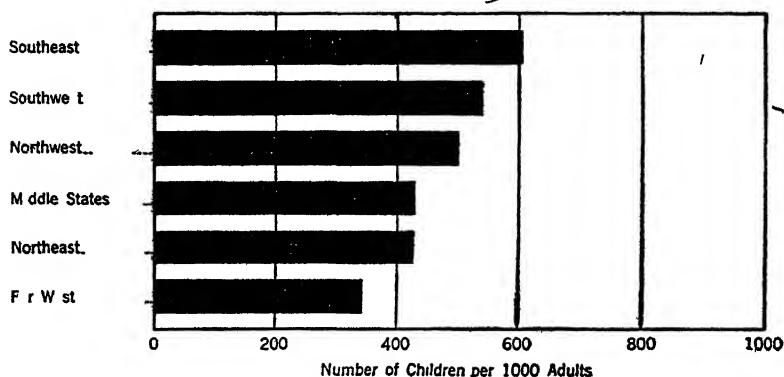


FIG 13 CHILDREN 5-17 YEARS OF AGE PER 1000 ADULTS 20-64 YEARS OF AGE

From the *Report of the Advisory Committee on Education* U S Government Printing Office Washington D C 1938 p 25

The differences and inequalities existing in educational opportunities between the various regions of America are due to a number of factors. The first, which has been indicated and is shown in Fig 13 is the ratio of children to adults. In the southeastern states there are 603 children, five to seventeen years of age per 1000 aged twenty to sixty four (those economically productive), while the ratio is 336 1000 in the far western states. The ratio in the middle states is 423 1000.<sup>2</sup> This relatively high ratio in the southeastern states is not a result of the high fertility of the Negro population, as is commonly supposed,

<sup>1</sup> National Resources Committee *op cit* p 211

<sup>2</sup> Advisory Committee on Education *The Federal Government and Education* U S Government Printing Office Washington D C 1938 pp 9 10

for even among the whites in that region the proportions are almost as high. When it is realized that the distribution of child population in the Southeast is largely on the basis of rural communities, which are of low economic status, it becomes clear that the educational burden for this region is multiplied. It must be noted, too, that the race situation in the South has brought its educational problem. The South maintains two school systems for its people. Duplication of school plants has worked to keep educational standards low.

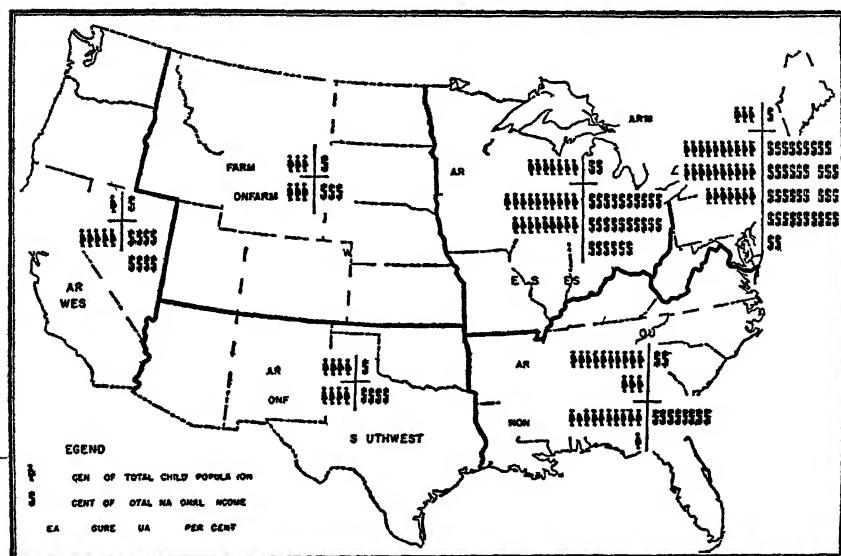


FIG 14 REGIONAL PERCENTAGES OF THE CHILD POPULATION AND OF THE NATION'S INCOME BY FARM AND NON FARM COMMUNITIES

<sup>1</sup> From National Resources Committee *Pr bl m of a Cha g g Popul t on U S*  
Government Printing Office Washington D C 1938 p 206

The portion of the national income which each of the major regions in America receives (see Fig 14) gives additional evidence of the variations in educational opportunities. The southeastern states have 24 per cent of the nation's children aged five to seventeen, but only 10 per cent of the national income. This condition gives the middle states with 26 per cent of the children and 28 per cent of the income of the nation almost two and one half times the educational advantage. In the Northeast the situation is even more advantageous for with 29 per cent

of the nation's children their part of the income is 42 per cent <sup>1</sup> Specifically these differences work themselves out in variations of teacher preparation school attendance, length of the school term and educational expenditures

The differences in teacher training are indeed great Although there is an ample supply of teachers the number of well qualified teachers appears to be generally inadequate One study <sup>2</sup> indicates clearly that teachers in the rural areas are far less adequately trained than teachers in larger centers Accepting the standard of training for elementary school teachers as two years of college education 62 per cent of open country teachers fall below the standard, while 9 per cent in cities of over 100 000 population are below standard A similar picture prevails in the case of supervisors administrators guidance specialists school librarians, and educational research workers The explanation of this situation concerns such factors as (1) the chronically low salaries in most areas (2) tenure in many areas is not very secure and (3) selection of teachers has not always been made on a merit basis During the depression years 1930-1934 teaching became relatively more attractive than formerly because of the unsatisfactory conditions in other occupations In most of the states there has been a significant improvement in the quality of the teaching force, <sup>3</sup> although in some areas reductions in school budgets meant the hiring of poorly trained teachers It is generally agreed that improvements in teacher training can be made by (1) establishing sufficient facilities for practice teaching under supervision (2) giving more attention to the methods of teacher training in higher institutions (3) supplanting the traditional highly specialized two or three year professional curriculum for teacher training by a program of broad cultural training and (4) state and federal aid to local areas so that school budgets will be adequate to attract the highest type of teacher <sup>4</sup> Thus in some settings, education becomes a vital, stimulating intellectual process, while in other situations it remains formal,

<sup>1</sup> National Resources Committee *Problems of a Changing Population* p 206

<sup>2</sup> E S Evenden G C Gamble and H G Blue Teacher Personnel in the United States *National Survey of the Education of Teachers* II 42 1935

<sup>3</sup> Advisory Committee on Education *Report of the Committee* U S Government Printing Office Washington D C 1938 pp 60-62

<sup>4</sup> *Ibid*

routine and dissociated from daily life — with teachers holding jobs and pupils attending merely by grace of the truancy officer <sup>1</sup> When we consider too that the trend of internal migration of the United States has been from the rural areas of the South to the northern cities we know that many young people are destined to be further handicapped because of the demands which their new communities will impose

Another educational problem grows out of the way that our schools are controlled Ever since the pioneer days in the New England colonies the township form of settlement established the precedent of local control over education In fact the controversy over the locus of school control in the Constitutional Convention (1787-1788) ended with the agreement among the delegates to have the new Federal government keep its hands off education Thus, the control of schools has remained a matter of state or local concern Since the early years of the depression (1930-1933), however, this policy has been under fire for several reasons

When a number of states especially in the rural South were compelled to close their schools because of lack of funds the population and income variations described above stood out in relief Then too when we started to realize that this area of great natural increase was the source for many of our city recruits the educational implications were raised to a national level It became apparent that if the rural southern states were to extend educational opportunities to all their youth the states incomes would not suffice On the other hand in eight states in the northeastern and middle states only 30 per cent of the available tax resources of the states would have been sufficient to meet the school budget In the Southeast the income of the total population per child aged five to seventeen was little more than \$1000 (in 1929) and in the Northeast the sum was in excess of \$4000 These striking differences in the ability of states to support their schools are more marked when it is recalled that in 1930 the cost of education for each child aged five to seventeen over the country as a whole was \$58 The average in the Southeast was \$24 40, or less than one half that of the middle states (\$65) and the northeastern states (\$63) (See Fig 15 )

<sup>1</sup>National Resources Committee *Problems of a Changing Population* p 194

There is much evidence to show that the meager educational opportunities offered in the rural South are not the result of lack of effort to raise resources. Generally, the poorer states in the United States marked by low educational standards, are putting forth the most effort to finance education. Other states whose

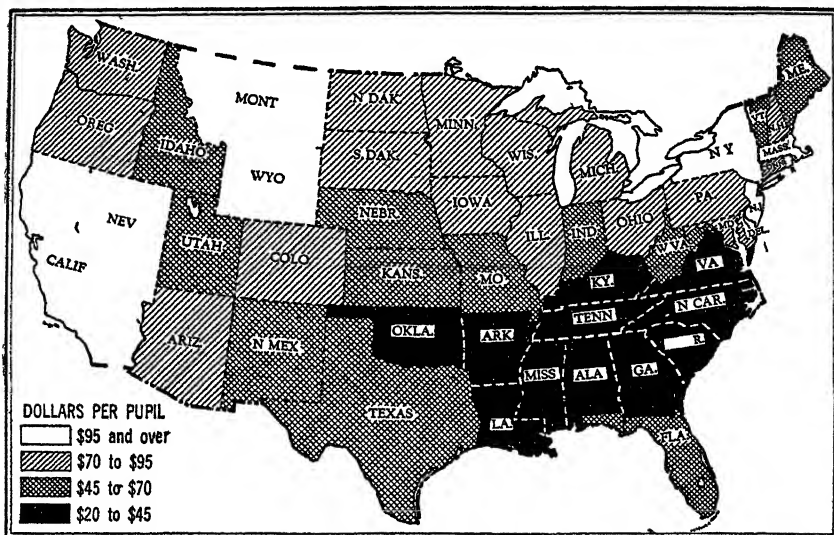


FIG 15 CURRENT EXPENDITURES PER PUPIL IN AVERAGE DAILY ATTENDANCE IN THE VARIOUS STATES 1935-1936

From Advisory Committee on Education, *The Federal Government and Education*  
U S Government Printing Office Washington D C 1938

standards are among the top need not, and do not, tax themselves anywhere near the maximum amount of their economic resources. To mention an example, the tax resources which could be made available for educational purposes were \$1625 per pupil in Delaware and only \$30 in South Carolina. Yet Delaware spends \$60 per pupil, or makes a 4 per cent effort while South Carolina spends \$23 per pupil, which represents a 77 per cent effort.<sup>1</sup> In addition, school funds have been used for relief purposes, and state school distributive funds have been pared or diverted to other uses. These practices have reduced the economic resources available for educational purposes.

<sup>1</sup> Newton Edwards, *Equal Educational Opportunities for Youth* American Council on Education Washington D C 1939 pp 111-119

The one room rural schools often aggravate the difficulty in securing adequate financing of education. There are many thousands of school districts where the number of board trustees outnumber the pupils. The distress may be further appreciated in the fact that often a one room rural school contains one, or at most a few, students. The annual expenditure for educating these pupils frequently runs up to \$750 per pupil or an amount sufficient to educate twenty to twenty five students in larger schools. Undoubtedly the movement towards consolidating many of these small schools will result in more intelligent and adequate financing of education. Transporting pupils by school busses from their scattered places of residence while constituting an additional item of cost does make possible more adequate centrally located school facilities.

Before any implications from the above analysis can be stated one other aspect of financing education must be emphasized. Any effort to determine the relationship of the ability of a state to finance its schools and the state's actual expenditures for education should take into account the source of tax income. Our public school units were established in a predominantly agricultural economy in which the principal source of wealth was real property. The constitutions of many states were adopted in the early part of the nineteenth century and provide for the raising of income to maintain schools from taxes on land. At that time the funds were adequate. Furthermore education was a simple affair largely supplied by the family the chief social institution. The processes of the Industrial Revolution have changed the concentration of ownership of wealth in the last 100 years. The importance of this from the point of view of education is that one state for instance under its original constitution taxed only real property. When that state revised its constitution in 1870 both real property and personal property were to be taxed. At the present time in that state there exists roughly thirty two billion dollars of personal property and only eight billion of real estate (a four to one ratio). The eight billion dollars are being taxed to the extent of about 85 per cent of the school costs. The inequitable tax laws place a heavy burden upon those who own real property. (See Fig 16.) Some authorities claim that the remedy lies in the rigid enforcement of the

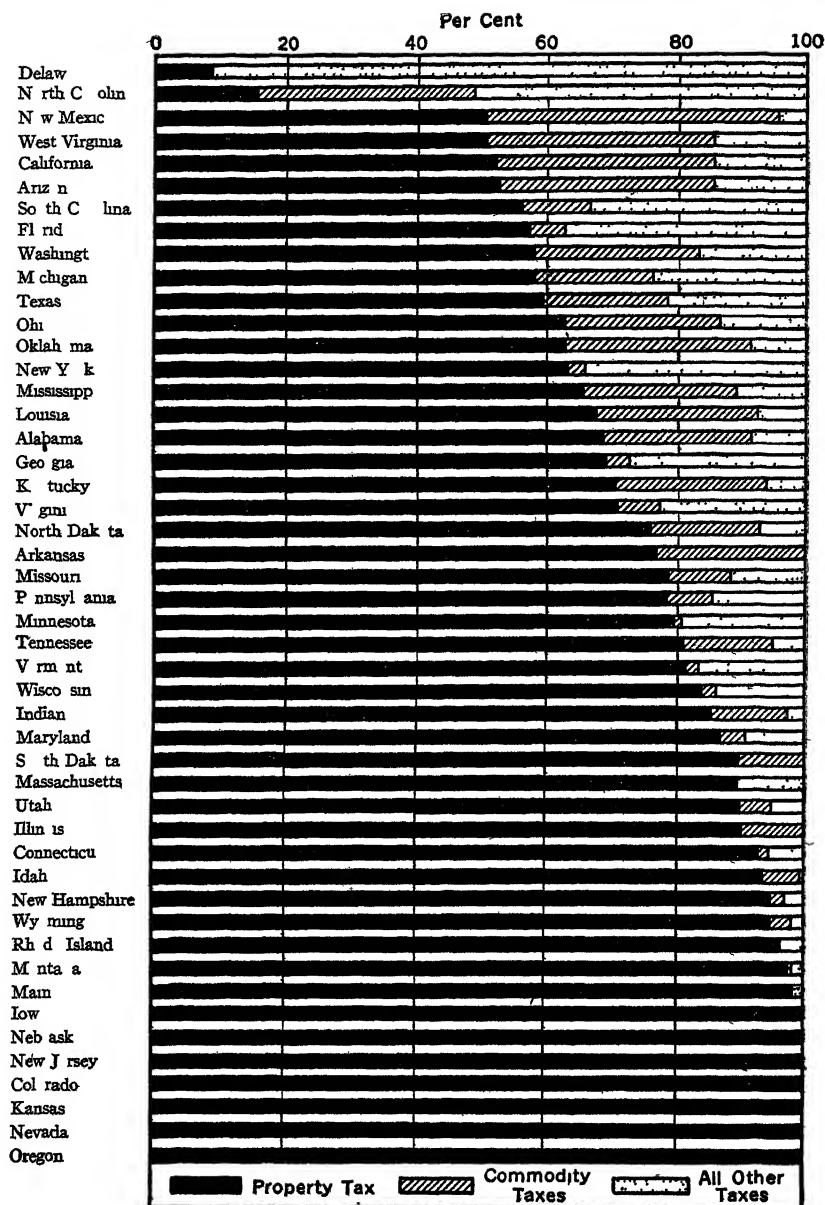


FIG 16 PERCENTAGES OF STATE AND LOCAL TAXES AND APPROPRIATIONS FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS DERIVED FROM PROPERTY TAXES IN THE VARIOUS STATES 1935-1936

From Clarence Heer *Federal Aid and the Tax Problem* The Advisory Committee on Education U S Government Printing Office Washington, D C 1938 p 43



existing personal property tax laws. The best thought on the subject is in favor of taxing incomes for educational purposes.

During the depression years these financial troubles were so aggravated that some states took over from their local areas the entire task of financing education. It appeared that the movement towards a larger school financing body such as the state, was inevitable. In other instances even the states were helpless. The Federal government was called upon to help finance education. Some experts claim that since many areas will require federal aid the central government should use its purse string control to take the power over education in its own hands. We have seen however that the traditional American theory of maintaining and controlling schools has been that of local (state county township, or municipal) control. The problem, therefore becomes threefold: (1) Should the Federal government help finance public education? (2) If so, should each of the states receive equal proportions? (3) Should federal aid lead to central government control over education or should federal grants be given to localities with no strings attached? Congress is being asked for \$500,000,000 to aid the states in elementary and secondary schooling to cover the years to 1945. The amount would begin at \$60,000,000 and increase \$20,000,000 each year. It has been estimated that such expenditures would be less than 2 per cent of the present annual federal budget.<sup>1</sup>

The interest of the Federal government in education is not new. In the Morrill Act of 1862 Congress provided a grant of 30,000 acres of land from the public domain for each representative and senator of the several states to be used for the establishment of agricultural and mechanical arts colleges. At present there are sixty-nine land grant colleges in the United States of which twenty-four are independent, twenty-eight are connected with universities, and seventeen institutions are devoted to the education of Negroes. The land grant colleges maintain agricultural experiment stations, provide resident instruction and agricultural extension services. The most important contributions perhaps of the land grant colleges have been the development of rural leadership (namely, 4-H clubs).

<sup>1</sup> Advisory Committee on Education *op cit* pp 18-19

and the coordination of regional effort through national leadership<sup>1</sup>

Federal grants to the public high schools during the past twenty years have promoted an intensive vocational education program. More than \$21,000,000 annually is being spent in local school districts for training in home economics, trades and industries, the distributive occupations, agriculture, and the training of teachers for these fields. The Smith Hughes Act of 1917 was enacted primarily to provide aid for vocational education and is essentially a 50-50 matching plan between the state and federal governments. This legislation was supplemented by the George Deen Act of 1936 which includes plant training programs and extends benefits to the District of Columbia.<sup>2</sup>

Another growing educational problem concerns the privately endowed universities. In recent years a number of private schools of higher learning have found their incomes dwindling because of lowered incomes from real estate and investments. Furthermore, fewer people have been establishing general unrestricted education endowments. At the same time, many state colleges and universities have secured larger budgets and new buildings have been constructed under the PWA program. As a result, state universities are able to offer attractive salaries and to secure professors and research scholars from the private universities. The University of Chicago is the outstanding example of a privately endowed university which has felt the pinch of a reduced income. In the face of the difficulty, President Robert M. Hutchins has sounded the rallying cry for the support of the Midwest's great center of higher learning. President Hutchins is emphasizing that the support of a few great private universities will work for the welfare of the larger community and democracy; for the privately endowed university can remain free from politics and, above all, supply the leadership in higher learning and research.

**Effects of War on American Education** Even before America's entry into the war, many of our youths, who would normally have continued their education, dropped out of high

<sup>1</sup>Advisory Committee on Education, *Land Grant Colleges*, Staff Study No. 10, U. S. Government Printing Office, Washington, D. C. 1939.

<sup>2</sup>Advisory Committee on Education, *Report of the Committee*, pp. 75, 80, 94.

school or college to work in war industries in other occupations or to enter the armed forces. It is expected that before the war is over the number of these youths will reach several millions.

One of the first influences of war on the high schools was on the curriculum. Mainly in an effort to contribute directly to the armed forces and partly to hold junior and senior students, high schools have emphasized mathematics, physics, and various shop courses and have arranged school schedules to enable students to work part time.

The colleges and universities have been affected by the loss of many of their male students and in the emphasis on the biological and physical sciences. The law schools, the social studies and humanities have shrunk considerably and many colleges have been converted almost into female seminaries. Many of the small colleges have or expect to have their student ranks so depleted that without the aid of Army or Navy training programs they may have to close their doors. Military and naval training is being conducted at present in some 300 colleges and universities by civilian faculties. The main purpose of these programs is to provide a continuous flow into the armed forces of needed specialists such as doctors, dentists, engineers, foreign language experts and other technicians. In the Navy the program represents the main source of commissioned personnel, especially line officers, and though the Army program began with the same aim, its adequacy of commissioned personnel has limited commissions to combat officer candidates and to some professionals.

To create a source for technicians and commissioned personnel the Army devised the Army Specialized Training Program (ASTP) and the Navy established the Navy College Training Program (V-12). In addition the Army Air Forces had previously embarked upon the training of pre flight, pre meteorological and meteorological personnel. The main body of ASTP enrollees are drawn from soldiers on active duty who have completed the regular basic training and are selected on the basis of examinations.

The courses are grouped according to basic and advanced levels. Early in 1944 more than 100,000 basic students were pursuing courses in various fields of engineering. The urgent

need of the Army for combat soldiers in the spring of 1944 led to the decision to reduce the ASTP by abandoning most of the basic courses. Some basic students were given the opportunity to qualify for advanced courses in medicine and dentistry. The newest plan is to take 17 year olds into the ASTP reserve and train them at least until they reach the age of 18 years and 3 months.

The Navy's V-12 program which was integrated with the already established V-1 and V-7 programs, has one course for pre medical and pre dental officer candidates and another for civil engineers, construction corps deck supply, and pre chaplain officer candidates. Though the V-12 program is fundamentally like the ASTP two points of difference stand out — first the Navy student will remain in college longer secondly the Navy curriculum is broader including more instruction in languages, psychology history and economics.

Trainees under the ASTP and the V-12 programs carry heavy school loads consisting approximately of 52 to 59 hours each week in study laboratory work and military instruction and physical conditioning. With the elimination of summer vacations and irrelevant courses and the full time school schedule, courses normally completed in four years are being completed in three years or less.

Though the war training programs are educational in a restricted sense emphasizing military training they do represent an education given without respect to one's economic status. All are treated alike. The important qualification is ability to learn. The students receive regular pay for their enlisted grade have the privileges of insurance allowances, and are supplied with textbooks and necessary health services. Truly these programs represent a new conception of American democratic education. The question of the Federal government's responsibility for education is given new impetus, with real implications for the post war period.

Many of those who left high school or college during the war may wish to resume their education later. The technical difficulties of transportation the employment opportunities that may exist at home, the degree of American participation in postwar settlement and the provision that may be made by

governments for demobilization and readjustment are the principal factors that will influence the nature the size and the time schedule of the American educational task in the demobilization period <sup>1</sup>

Plans are being made to determine the type and amount of education and training to be provided Two important factors will have to be considered namely the number deserving and qualifying for education and training and the need for trained persons in various professions trades and occupations

The program for education and training as part of the demobilization and readjustment process should make provision for two major educational plans (1) a general plan designed to meet the needs for education and training of the great majority of ex service men and (2) a supplementary educational plan designed to meet the needs of those who had entered upon an extended educational program which was interrupted by the period of military and naval services and of other specially qualified ex service men who should benefit by a more extended program of general technical, or professional education <sup>2</sup>

**Trends in American Education** In summarizing the educational challenges which America now faces we have noted that (1) the basic changes in the nature of our economy and patterns of social relationships have forced upon us a new conception of youth and a new attitude toward their role (2) the pressure of social forces is bringing about a necessary reorganization in the structure of our educational system (3) a chief challenge to the perpetuation of democracy is the need for a reorganized integrated curriculum to enable young persons to achieve a general intensive view of our cultural heritage and to train and adjust natural capacities to an occupational role and (4) the solution of the inequalities of educational opportunity between our rural and urban children will prevent the continuation of practices which tend to create class racial and sectional differences and prejudices

There are forces at work both within the educational system

<sup>1</sup> Louis Wirth, Postwar Political and Social Conditions and Higher Education *The Annals of the American Academy of Political and Social Science* 231 156 January 1944

<sup>2</sup> National Resources Planning Board *Demobilization and Readjustment* Washington D C 1943

and in society in general which are influencing trends toward (1) an increasing enrollment, (2) an expanding and modified curriculum, (3) a program for personality training, and (4) greater efficiency

In the future children may go to school at the age of one or two. The chief resistance to a lowered school entering age is the cost involved. However, the increasing proportion of married working women and the decreasing amount needed for the smaller elementary school body might offset this possible obstacle. In the elementary school, not much of an increased enrollment may be expected, for in a great many parts of the country nearly everyone of grammar school age is in attendance. Yet in 1930, 800 000 children in the United States between the ages of seven and thirteen were not going to school at all. Attendance of those of high school age will reach the peak by 1945, but an additional increase can come from the third of high school aged youth who are not in attendance. Each year of late nearly 900,000 young people drop out of high school without being graduated. Caution should be exercised in predicting an increasing enrollment on the college level which appears to be the most rapidly growing of all the units of the school system. Many people offer resistance at every turn when school costs are increased. The attempt to finance junior college education based on compulsory attendance will undoubtedly be met by vigorous opposition. In addition many young people would prefer employment to further education in order to secure a measure of economic independence and to enter into marriage.

Practical courses may be expected to find a larger place in the school curriculum although academic subjects will not be replaced or separate vocational industrial schools widely established. Some preparation must be afforded for effective participation in occupational life. Curricula will represent an integration of materials necessary for a general education, and will make provision for vocational training for those who will not pursue formal education beyond the high school. The vocational training should be of a broad type giving emphasis to principles and processes basic to industry and commerce.

We may also expect a growing tendency to make the school

responsible for a greater share in the personality training of the young. Undoubtedly the school will be limited in its ability to serve well in this respect because personality formation takes place early in life and the family is still very important in this realm. In fact one might expect that society will establish a number of outside agencies to supplement the school in training youth. If this should happen it would imply that society feels that the school is not capable of handling an increasingly complex task alone.

It seems logical to expect the general movement for greater efficiency to influence the schools. First felt in business and now being felt in government, this movement will sooner or later find its way into the school in such forms as (a) a better synchronized school structure, (b) an integrated core curriculum, and (c) a great extension of schooling in rural districts. Perhaps the Federal government will be the leading agency in this trend because of its financial power, but there is no certainty about this. One big factor which will have untold effects on education is new inventions. Television, facsimile reproduction, the long record, and other communication inventions might revolutionize education as we know it today. These inventions can bring about a declining need for teachers, a different kind of schoolroom setup, the possibility of securing the best teachers in the country for any schoolroom use, and a redefined role of the teacher. Yet one need not expect these inventions to be brought into use in the schoolroom swiftly and suddenly, for even today the schools seem to be lagging behind in making the most use of such an invention as the motion picture.

#### TERMS TO BE UNDERSTOOD

dual school system	core curriculum
<i>lycee</i> and <i>ecoles primiers</i>	vocational education
Latin grammar school	adult education
unit school system	<i>Volkschule</i>
civic education	secondary schools
progressive realists	local control of schools
elective system	

## QUESTIONS FOR DISCUSSION

- 1 Discuss the statement A democracy is torn between the need of keeping its citizens agreed and unified on certain ideals and the obligation to tolerate discussion and varying points of view
- 2 If the high school student body is not so homogeneous as was that which attended high school in 1890 what significance does this have for (a) curriculum making and (b) for structural organization of the educational system?
- 3 Granting that the schools should do something about the students vocational life at what level would you start this training? Would you establish separate trade or industrial schools?
- 4 What arguments would you raise (a) in defense of and (b) against the plan that the Federal government's aid to education go entirely to the rural areas of the nation?
- 5 There has been a great deal of talk about the obligation of society to provide educational opportunities for adults What would be the arguments in favor of this proposal? Do you think on the other hand that the adult must shift for himself?
- 6 How would you answer the statement The purpose of our educational system should be to teach the younger generation how to adjust themselves to the world in which they live?
- 7 What are the forces operating to extend public educational facilities into (a) the higher age groups (b) the lower age groups hitherto not served by public education?
- 8 Mention some of the activities carried on by public schools today that would have been regarded as unnecessary frills in your parents' school days

## FOR FURTHER STUDY

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## CHAPTER 10

### POPULATION

Human beings may be studied by any one of a number of approaches. A society may be looked upon as a population with people distributed in space. This approach is the most simple view of a human society. It is appropriate to consider the forces which account for the distribution of population and in turn to understand how different spatial arrangements of humans affect the life of the individual and the nature of human communities.

**The Trend of Population Growth** The population pattern of the civilized world is changing. In northwestern Europe there is a definite trend toward a stationary population. The same may be said to be true for the United States, though between 1930 and 1940 the United States increased her population by 7 per cent. This was only half the increase of the previous decade 1920-1930 and as shown in Table XIV, it was less than that of any decade of our national existence.

The growth of population in the United States has been one of the most startling facts in history. Before the turn of this century, our numbers were doubled every 25 years. From a nation of 3 000 000 in 1790 we have expanded to more than 136,500,000. Many areas of Europe required the entire nineteenth century for the population to double. Yet in eastern Europe and in parts of Asia population growth is continuing in full force.

Nearly 30,000,000 persons have come to settle in the United States. The addition of these persons to our population has been more significant than even these numbers would indicate for the age of our immigrants has also been favorable to our population growth. These persons were in the biologically productive age and deaths were less frequent among them than at any other age of life. The United States is still characterized by a large proportion of young adults but this condition is changing. It is expected that the total number of deaths will increase, and that a

decrease in the number of young adults will result in a smaller number of births each year

TABLE XIV

GROWTH OF POPULATION IN THE UNITED STATES 1790-1940

Census Year	Population	Increase Per Cent	
		Number	Per Cent
1940	131 409 881	8 634 835	~ 0
1930	122 775 046	17 064 476	16.1
1920	105 710 620	13 738 354	14.9
1910	91 972 266	15 977 691	21.0
1900	75 994 575	15 046 861	20.7
1890	62 947 714	12 791 931	25.5
1880	50 155 783	11 597 412	30.1
1870	38 558 371	7 115 050	22.6
1860	31 443 321	8 251 445	35
1850	23 191 876	6 122 423	35.9
1840	17 069 453	4 203 433	32.7
1830	12 866 020	3 227 567	33.5
1820	9 638 453	2 398 572	33.1
1810	7 239 881	1 931 398	36.4
1800	5 308 485	1 379 269	35.1
1790	3 929 214		

1940 figures are preliminary and subject to revision

The peak of our yearly population growth was reached about 1925. Nearly 2 000 000 persons were added to our population each year in the early twenties. During the depression years (1930-1934) the annual increase averaged less than 900 000. A net immigration of 400 000 a year fell to a net emigration. More important, however, was the decrease in the excess of births over deaths.<sup>3</sup>

The Bureau of the Census estimates that the total population

<sup>1</sup>From Philip M. Hauser, *Some Implications for Capital Investment of the Population Changes Revealed in the 1940 Census*, Bureau of the Census, Washington, D. C.

A net immigration refers to the condition whereby the number of persons entering the country is in excess of the number leaving the country. Net emigration is the reverse of this condition.

<sup>3</sup>National Resources Committee, *Problems of a Changing Population*, Government Printing Office, Washington, D. C., 1938, p. 21.

of the United States was in excess of 136 500 000 in 1943. This represents an increase of about  $5\frac{1}{2}$  million persons, or 3.7 per cent from the Census of 1940 to July, 1943.

Estimates of the future population in the United States have been made by Warren S. Thompson and P. K. Whelpton of the Scripps Foundation for Research in Population Problems.<sup>1</sup> One estimate sets our population at 153 000 000 in 1980. This figure would be the result of medium<sup>2</sup> birth rates assuming no migration. If an immigration policy were adopted whereby 100 000 persons as contrasted with the 150,000 per year now provided by our quota law, would be allowed to come to the United States each year (assuming no emigration) the figure for 1980 is raised to 158,000,000. Even with the highest birth and lowest death rates which can be reasonably assumed the maximum population by 1980 would be less than 180 000 000. The third and most conservative estimate assumes a decline of about one third in the number of births among native white women, with no net gain of immigrants. This minimum estimate gives a peak population of 138 000 000 in 1955 followed by a decrease of 10 000 000 in the subsequent quarter century. By any of these estimates however our population will reach its peak by the twenty first century and will decrease thereafter unless an effort is made to check this.

Accompanying the change in the trend of population growth

<sup>1</sup> National Resources Committee *Problems of a Changing Population* Government Printing Office Washington D. C. 1938 pp 22-24.

<sup>2</sup> With the birth rates of recent years the average native white woman living to the age of 50 bears approximately  $2\frac{1}{2}$  children. In view of the past trend and the lower birth rates that prevail in certain other nations the highest birth rate which may be expected for native white women in the future is a continuation of the present birth rates. The medium assumption for native whites continues the past decline in birth rates so that it is anticipated that women will bear slightly less than two births. As a probable low limit it is assumed that the decline in birth rates will continue and that the average woman will have  $1\frac{1}{2}$  births.

The death rate is reflected in the expectation of life at birth. According to the 1931 death rates the expectation of life at birth was 59.1 for males and 62.7 for females in the United States. Because it appears certain that by 1980 people will be longer lived than they now are the low assumption for expectation of life at birth will be at least 65.6 years for males and 68.4 years for females as an average. The high assumption is based on the idea that the specific age death rates will decline so that the native white expectation of life at birth would reach 72 years for males and 71.2 years for females. The medium assumption is midway between the extremes just described. It seems probable that the actual life expectation of native whites in 1980 will be 68.8 years for males and 71.2 years for females.

is a change in the age distribution. On the assumption of medium rates in births and deaths (with little or no immigration) the estimates for 40 years hence indicate an equal number of persons — about 2 million — at each year of life until 60. Persons at the later ages will form a much larger proportion of the population than at the present and the reverse will be true of youth. It has been estimated that in the period 1930 to 1980 the population 60 years of age and older will increase in proportion from 8.5 per cent to 19.9 per cent while the persons under 20 years of age will decrease in proportion from 38.8 per cent to 26.1 per cent.<sup>1</sup>

**Population and Resources** The most recent estimate sets the total population of the world at about 2 000 000 000.<sup>2</sup> In past years experts predicted the future world population at anywhere from 3 to 20 billions.<sup>3</sup> Though much guesswork is involved the size of a population in any given area is related to climatic conditions, the presence of natural resources, the state of inventions, and the social organization of the group.

It is interesting to trace the relationship of man's economic organization to population size. The earliest means of obtaining food has been established as a hunting and wild food gathering culture. This type of economic activity set a definite limit to the size of population since there was a great deal of hazard and irregularity in the food supply. There was either too much food or too little. Population grew by leaps and bounds or there was mass starvation, misery and death. The reason for this condition was that food could not be preserved nor transported over long distances to areas of need.

When man invented agriculture he immediately made it possible to increase his numbers. The reason for this is that wheat and other grains are storable. For example the Indians in the southwest of the United States store a two year supply of maize.

<sup>1</sup> P. K. Whelpton, 'An Empirical Method of Calculating Future Population', *Journal of the American Statistical Association* 31, 457-473, Sept. 1936.

<sup>2</sup> *Monthly Bulletin of Statistics*, The League of Nations, Nov. 1938.

Robert Kuczynski, 'The World's Future Population', *Population*, Harris Foundation Lectures, University of Chicago Press, Chicago, 1929, pp. 284-285.

A. M. Carr-Saunders, *World Population: Past Growth and Present Trends*, Clarendon Press, Oxford, 1936.

G. H. Knibbs, 'The Mathematical Theory of Population', *Census Commonwealth Australia*, Appendix A, Vol. 1, McCarron Bird, Melbourne, 1917.

against emergencies The domestication of animals such as cattle and horses, made possible a further population increase The food supply is more assured in a plow system in which planting is done in rows by the use of draft animals and farm implements

The use of the wagon in transportation allowed for a still larger number of people Transportation has had the effect of eliminating famines by making possible the easy flow of food from one region to another In recent times, the application of science to increase the food yield, the perfected transportation and communication services, and the use of power have served to expand the limits of population growth

Today, the densely settled regions of the world (as shown in Fig 17) are eastern United States, Europe, southern Asia and India These areas have favorable climatic conditions and geographical location good transportation facilities adequate rainfall, plowable land and deposits of coal and iron Siberia Canada, western United States, South America central Africa Australia and the polar regions are the thinly settled regions In the very cold and hot regions of the world climate is the limiting factor to population growth and economic activity Yet geographical and climatic factors do not alone determine the size of population or where people live China has a sizable population (between 300 and 450 millions) and could support many more if she had as advanced a technology as her small neighbor Japan Italy does not possess large deposits of industrial minerals yet she has been able to increase her population by securing these essentials from England and Germany Generally those regions of the world which have poor land little coal and few minerals do not have much chance to grow in population or to share in the material advantages of life England has about the same land surface as does Sweden but England's population is about 45 million, while Sweden has a population of 6 million and is even declining to 5 million in the near future Yet England enjoys a higher standard of living than Sweden because she has more abundant natural resources, was the first to develop modern industry and through her empire, her shipping, and world commerce has benefited from the resources of great portions of the earth

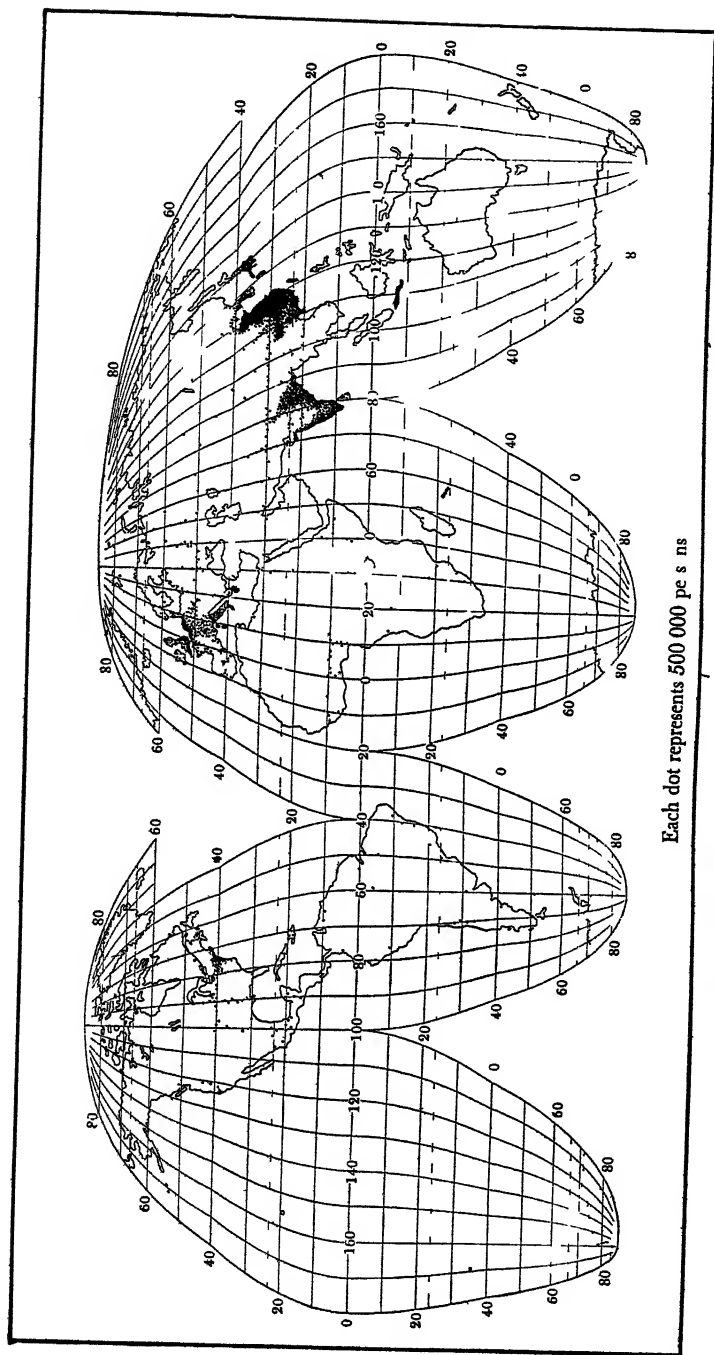


FIG 17 WHERE THE POPULATION OF THE WORLD LIVES

From William F Ogburn and Meyer F Nimkoff *Sociology* Houghton Mifflin Company Cambridge 1940 p 435 Adapted from O L Baker U S Department of Agriculture

The presence of abundant natural resources does not insure either a growing population or a high standard of living. The million Indians who inhabited the present area of the United States when the white man arrived did not use our natural waterfalls as a source of power and in this sense, the waterfalls played a limited role among the Indians. Today in the United States as in western Europe inventions in chemistry electrical goods transportation and communication make new uses of our natural resources and thus serve to enrich and enlarge our population.

The social organization and the institutions of a people are also related to the size of population. An area may be lacking in natural minerals, but if the people have developed a division of labor a money and credit system efficient laborers and an extensive system of trade and commerce, the population may indeed be large. Some scholars argue, too, that an economy which is competitive rather than monopolistic ensures a high level of production. The nature of the government and its relation to the economic setup has a bearing on the size of the population. We do not yet have the final answer as to the relative economic efficiency of a communist fascist cooperative or a competitive economy. It is interesting to note, however, that population is a matter of national policy in the dictatorial nations.

Thus the size of a population and the standard of living of people are influenced by natural and cultural resources. Geographical conditions natural resources the development of industrialism and the efficiency of the social economic organization influence both the number and the level of well being of the inhabitants of the various areas of the world.

### BIRTHS DEATHS AND MIGRATION

**Births** One reason why many people are interested in the question of population is because they have been alarmed by reports concerning the declining birth rate<sup>1</sup>. The downward trend in birth rates in the Western world probably began in France among the prosperous people living in cities. Then it

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<sup>1</sup> Birth rate as here used is usually referred to as the crude birth rate or the number of births per 1000 population.



spread to the remainder of western Europe and England. The forces behind the decline in birth rates have been at work even in parts of the United States for nearly a century. Some northern European nations and regions in the Far East still have relatively high birth rates. Germany's birth rate declined sharply after 1898 and in 1938 it was 19.7.<sup>1</sup> However, this rate shows an increase of more than three births per 1000 population since 1933. This is due apparently to the deliberate efforts of Hitler's government. On the other hand, the attempt of the Fascist government to increase Italy's birth rate has met with failure.

The reasons for the fall in the birth rates are varied. Some scholars explain the decline by the biological change in the fecundity (biological ability to procreate) of people, though the likelihood of significant changes in this respect are slight. The extent of sterility (biological inability to procreate) among city women is greater than among rural women, but whether the difference is due to biological factors, variations in disease, diet, or mode of life is still unknown. Sociologists generally stress the cultural reasons for the declining birth rate. Among these factors, the postponement of marriage is of little importance, for there were more early marriages in 1930 than in 1890.<sup>2</sup> The wide dissemination of knowledge and extended use of birth control in recent years appears to be the major reason why the birth rate of the United States in 1938 was only two thirds that of 1918. However, our farmers, who constitute about one fourth of the population, do not practice birth control extensively, and in large cities sizable segments of the population oppose birth control on religious or moral grounds. Yet during the last decade the birth rate among the foreign born in America fell faster than it did for the native whites.<sup>3</sup> Whether the birth rate on the farms will ever decline to that of the cities is a question. On one hand, the farm seems a more wholesome place to rear children than the congested, smoky, noisy city; on the other hand, farmers may

<sup>1</sup> *Statistical Year Book of the League of Nations*, 1938-1939, pp. 42-44.

<sup>2</sup> Warren S. Thompson, *Population Problems*, McGraw-Hill Book Co., Inc., New York, 1935, p. 160.

Wm. F. Ogburn and Meyer F. Nimkoff, *Sociology*, Houghton Mifflin Company, Boston, 1940, p. 481.

<sup>3</sup> Frank Lorimer and Frederick Osborn, *Dynamics of Population*, The Macmillan Company, New York, 1938, p. 48.

come to realize more than they now do that greater opportunities can be given to fewer children

The economic factor more than nativity as such has an influence on the birth rate. In Chicago one study reveals that the foreign born whites who pay high rentals (at least \$75 a month) have as low a birth rate as well to do native whites. In contrast foreign born whites and native whites paying rentals of \$30 or less have relatively high birth rates.<sup>1</sup> The birth rate declines rapidly as the level of living rises in all regions of the United States. In the poorest rural areas of the country the number of births is so high that the population will more than replace itself. The areas with the highest level of living capable of supporting a large number of children produce so few children that their present population size can be maintained only by immigration.

Past experience shows that war has the effect of slowing up the birth rate. The pre war year of 1940 in the United States witnessed a higher birth rate (17.9) than any year since 1931. However during the early war years the birth rate was unusually high, jumping to 18.9 in 1941 and reaching the high of 21 in 1942.<sup>2</sup> This sudden increase may be accounted for by the war prosperity of these years, which in turn encouraged a large number of marriages. In addition, many persons had the hope that marriage and children would be a cause for draft deferment. It is expected that the birth rate will decline markedly by the end of 1944 and during the remaining years of the war. Using World War I as the basis for comparison a rise in the birth rate cannot be expected until the second and third post war years and even then adverse economic conditions would tend to keep the birth rate down.

**Deaths** Despite a falling birth rate nearly a million persons have been added each year (recently) to our total population. One explanation for this condition is the decline in the death rate.<sup>3</sup> It is estimated that about 35 persons in every 1000 died

<sup>1</sup> Philip M. Hauser, *Differential Fertility, Mortality and Net Reproduction in Chicago 1930*, Ph.D. Thesis, University of Chicago, Aug. 1938.

<sup>2</sup> Wm. F. Ogburn (ed.), *American Society in Wartime*, University of Chicago Press, 1943, pp. 25-26.

<sup>3</sup> Death rate as here used is usually referred to as the crude death rate or the number of deaths per 1000 population.

each year in America about 1790. Today the death rate is about one third of this figure. The chief gains in the reduced death rate have occurred among infants. At one time in our history about 250 of every 1000 babies died in their first year of life. This is still true for Chile with its large Indian population. Today in the United States the infant mortality rate (deaths of infants under 1 year per 1000 live births) is under 51. In New Zealand the record is only 35<sup>1</sup>.

Medical science has played an important part in controlling the infectious and contagious diseases which were child death snatchers. Improved sanitary conditions also brought better chances for survival. In fact death rates have declined for every year of life except at 60 years of age and older. The big problem confronting medical science today is the relatively high death rate caused by the degenerative diseases heart disease, cancer, and nephritis. Table XV shows how the male mortality rate ranged

TABLE XV  
MORTALITY RATES OF MALES PER 1000 U S REGISTRATION AREA  
1901 AND 1929-1931<sup>1</sup>

Period	Age									
	0	10	20	30	40	50	60	70	80	90
1901	133.4	2.7	5.9	8.0	10.6	15.4	28.6	58.9	133.5	262.8
1929-1931	61.2	1.5	2.9	3.9	6.9	14.0	29.0	60.6	133.1	270.0

at different ages for the periods 1901 and 1929-1931. For children the decline in the death rate has been more than 50 per cent during the same period. The rate has been lowered considerably in the middle ages (15-45 years) though the death rates at these ages have always been relatively low. In the very old ages the death rate has shown a slight rise.

The decline in the death rate can be dramatically illustrated by the increasing expectation of life<sup>2</sup>. This trend is shown in Fig. 18. Especially important is the steep rise in the expectation of life at

<sup>1</sup> From Wm. F. Ogburn and M. F. Nimkoff *Sociology* Houghton Mifflin Co. New York 1940 p. 488. Adapted from Louis I. Dublin and Alfred J. Lotka *Length of Life* The Ronald Press Company New York 1936 p. 68 Table 12.

<sup>2</sup> Expectation of life as here used refers to the number of years an average child can expect to live if he has survived to the age of one year.

birth Even during the early war years 1940 to March 1, 1943, the only section of the nation which actually increased in civilian population was the West — by 5.1 per cent The North decreased 4.1 per cent, and the South decreased 1.6 per cent <sup>1</sup>

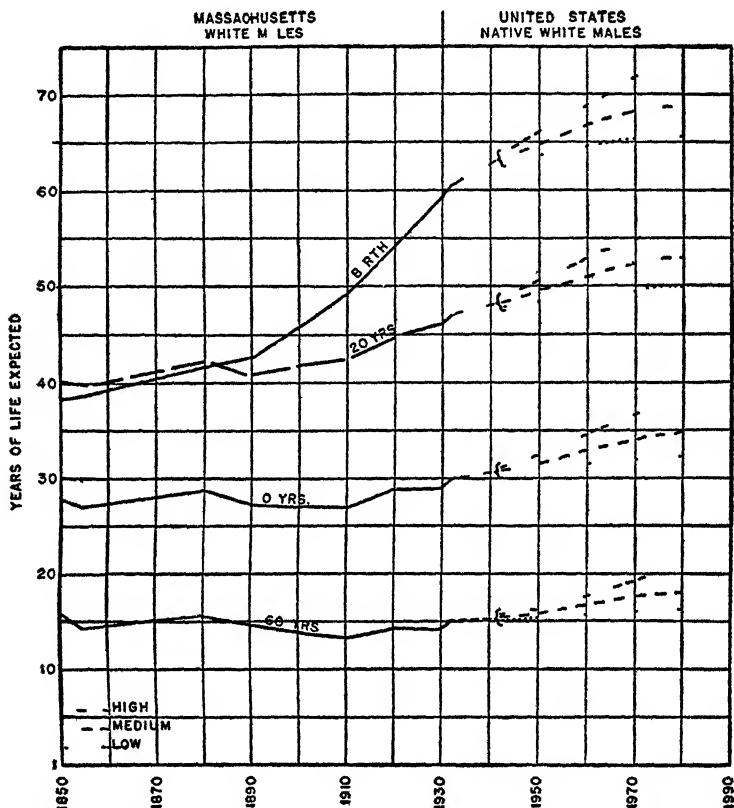


FIG 18 EXPECTATION OF LIFE IN THE UNITED STATES

For white males at birth at age 20 at age 40 and at age 60 Massachusetts 1789-1931 and estimated future trend From National Resources Committee *Problems of a Changing Population* p 22

In 1850, the average baby boy could hope to live only 40 years but this was lengthened to 46 years by 1900 and to 59 years by 1930 <sup>2</sup> When the fathers of our college students were of college age in the decade 1910 to 1920 they could expect to live 43 to

<sup>1</sup> Philip Hauser *Changing Markets Changes of a Geographic Nature in War Time with Some Consideration of Post War Population Prospects of Metropolitan Areas* Bureau of the Census Washington D C

<sup>2</sup> National Resources Committee *Problems of a Changing Population* pp 22-23

45 more years. Today the 20 year old youth can hope for 47 to 48 more years of life. Women have a slightly higher expectation of life than men (3 years more). The highest ranking states are in rural areas where despite lower standards in sanitation, public health services and medical care a person can expect to live longer than the city dweller. The expectation of life in New Zealand in 1931 was 65 years for males and about 68 for females.

It is to be expected that one of the influences of war will be an increased death rate. During World War I the annual death rate for the countries involved was increased about 25 per cent and about 6 per cent for the United States.<sup>1</sup> Stating this in another way, about 40 000 000 persons would have died if there had been no war and that as a result of the war 50 000 000 died. It is estimated that during 1942 the death rate for the warring nations increased about 25 per cent which approximates the rate during the first World War.<sup>2</sup>

**Population Growth** The births and deaths of our present population are the significant factors which will determine the future size of the population. Though the death rate for most ages has declined during the last number of years the drop in the death rate is coming to a halt. In fact the death rate is expected to rise. The reason for this is that a large proportion of children survive to maturity when the death rate is relatively high. It appears then that the fall in the birth rate is the most important factor in influencing our population size. In the eight years 1921-1928 2 200 000 more babies were born than in the next eight year period ending with 1936. These persons will become of marriageable age by 1945 and were it not for the war, we could expect a slight upturn in the number of births at that time.

It must be emphasized that the birth and death rates thus far cited are deceptive as indicators of future population size. Natural increase (the difference between the birth rate and death rate) is affected also by the proportion of persons of different ages. Thus Gary, Indiana was a place of rapid growth when its inhabitants were mainly young adults and consequently its

<sup>1</sup> Wm. F. Ogburn (ed.) *American Society in Wartime* p. 4

<sup>2</sup> *Ibid.* p. 4                      *Ibid.* p. 6

birth rate was high and its death rate low. Such a condition however could not remain long because many children were born and people became older. One student of population shows<sup>1</sup> that the crude birth rate (number of births per 1000 population) in the United States was 18.7 in 1930. The crude death rate was 10.8. These figures seemingly indicate a growing population in view of the natural increase (or excess of births over deaths) per 1000 population of 7.9. However this is not the case. Our population in 1930 contained a large proportion of middle aged persons'. Applying the 1930 birth and death rates to a population composed of a normal number of young, middle aged, and old the birth and death rates in 1930 would both be 16.4 or a zero natural rate of increase.

The net reproduction rate is a good index of the ability of a population to replace itself.<sup>2</sup> At the present time the birth rate by ages of mothers in the United States is so low in comparison with the death rate, that the United States would be losing population each year instead of gaining if there were not an excess of mothers of childbearing age, and a shortage of old people a disproportion that is not likely to be maintained.<sup>3</sup> The net reproduction rate segregates the age factor and indicates what the fertility of women of childbearing ages would be if the age distribution were stable. Thus for the United States the net reproduction rate in 1936 was 0.947. This means that our population is actually decreasing by 53 persons per thousand over a period of 28 years or at the rate of 1.8 per thousand in one year. That is to say, while the United States is gaining nearly one million persons each year if the large proportion of young adults due to immigration were removed there would have actually been a loss of 234,000 persons in 1936. Figure 19 contains the net reproduction rates for the major nations of the world. It shows that the southern European nations and Japan are replacing themselves, while northern and western Europe and the United States<sup>4</sup> are below the replacement point.

<sup>1</sup>Bernard D. Karpinos. The Differential True Rates of Growth of the White Population in the United States and Their Probable Effects on the General Growth of Population. *American Journal of Sociology* XLIV 261 Sept. 1938.

<sup>2</sup>When 100 mothers produce enough girl babies who in turn become 100 mothers the population is said to maintain itself and to have a net reproduction rate of 1.0.

<sup>3</sup>Ogburn and Nimkoff *Sociology* pp. 497-498.

Cities are notable for their failure to reproduce their populations. The rural areas are the breeding grounds of the nation; the cities are the consumers of population. New York and Chicago grew by about 25 per cent during the decade 1920-1930. The 1940 Census data reveal that New York grew

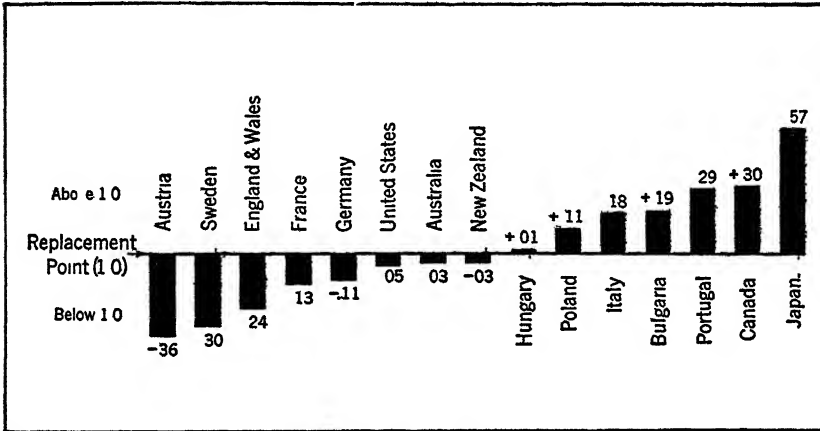


FIG. 19 NET REPRODUCTION RATES FOR VARIOUS COUNTRIES ABOUT 1936

Adapted from *Population Index* April 1939

only 6 per cent during the last decade and Chicago's population remained about stationary. Philadelphia, Pittsburgh, St. Louis, San Francisco, Boston, and Cleveland were among the large cities which lost population. Washington, D. C., and Los Angeles were the only two large cities showing substantial increases in the last decade. The rapid growth of our large cities appears to have come to an end, but this does not necessarily mean that the small cities and towns will henceforth be the centers of attraction for migrants. Rather it may mean a loosening up of our great cities and a continued growth of the suburbs and satellite cities along their peripheries.

**Migration** Since the first World War the restrictions on free immigration have altered a major source of our population growth. From an annual average of 400,000 in the middle decades of the nineteenth century, the annual number of immigrants rose above the million mark in the early years of this century. Then, starting in 1921, we passed various laws aiming to limit the number of immigrants. An act passed in

1929 limited the number to about 150 000 annually from the quota countries <sup>1</sup> This restriction did not apply to Canada Mexico Cuba, Haiti, countries of Central and South America or to United States dependencies During the last decade for the first time in our history more people left the country than entered — by approximately 50 000

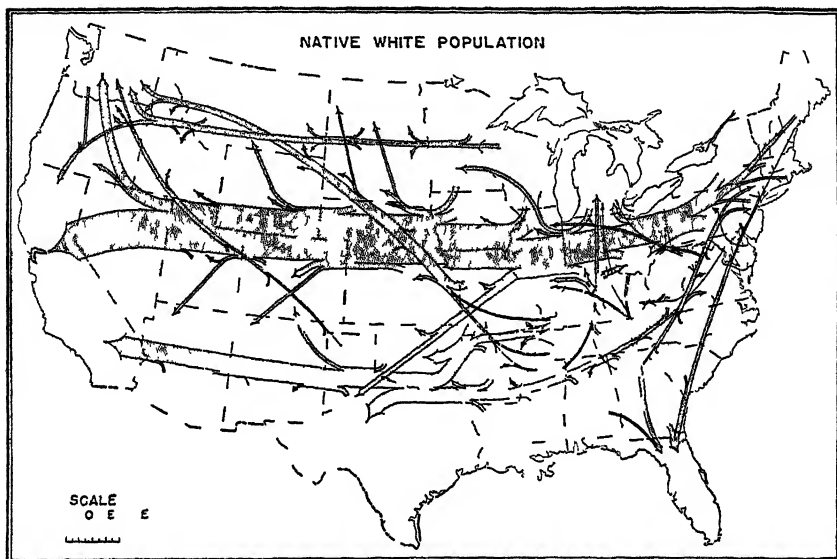


FIG 20 NET MIGRATION OF NATIVE WHITE POPULATION SINCE BIRTH  
From National Resources Committee *Problems of a Changing Population* p 84

Yet, migration within the United States is still an active force serving to influence the distribution of the population There have been two main movements in the migration of people between different areas in this country The first movement was the historical pattern and is shown in the map in Fig 20 Here we see the thick waves moving from the eastern coast directly west — across the Alleghenies into the Ohio Valley, and the rolling plains of the middle central states — jumping to the

<sup>1</sup> The quota principle was embodied in the National Origins Act of 1929 which limited the total number of immigrants who might be admitted in one year to 153 714 to be apportioned among the various European countries in proportion to the national origins of the American people in 1920 In essence the quota immigration laws gave preference to the stocks representing the first settlers or earliest immigrants from north and northwest Europe and limited the number of the so called newer immigrants from south and east Europe



Pacific coast and finally beyond the Mississippi River. The 1940 Census indicates that the Far West grew the fastest of all the regions in the United States. The historical practice of moving west is thus continuing. The second and most recent movement was the cross current type to the industrial and commercial sections notably in the Middle Atlantic Great Lakes southern New England and the Pacific areas. By 1930 about one fourth of the native whites and Negroes were living outside of the states in which they were born. The rapid tempo of wartime industrial activity during the period 1941 to the spring of 1943 also increased migration to metropolitan regions especially those located in the West and the South. People moved into the highly developed manufacturing centers and even to the smaller ones which had been undergoing rapid industrialization.

It is still difficult to say what the pattern of migration is. When the data of the 1940 Census are published more complete information will be available because the question "Where did you reside on April 1, 1935?" has been included. However, certain features of internal migration are known. The character of the community is important in determining which sex migrates. For example, males tend to migrate to mining, lumbering, and heavy industries areas. Females are attracted to diversified and light industries areas, and to old and wealthier cities where domestic service employment is available. Persons in the ages 15-45 are the chief migrants. These persons are usually spurred by ambition and have the energy to move. Single persons rather than married folks in this age group are the usual migrants, and of the married migrants those without children are most numerous.

Distance is also important in the movement of population. In the United States most migration is for a short distance. Moreover, people do not ordinarily migrate from farms directly to large metropolitan cities. Usually the process involves several steps. The farm migrant goes to a village, thence to a town, city, and finally to a large city.

In recent decades the dominant feature of migration in the United States has been the cityward movement. This means that economic motives have played the major role in internal

migration. It was the search for new land in past generations that led to the peopling of the nation. Starting some decades ago the search for more highly paid jobs resulted in the concentration in industrial and commercial cities. In 1790, not a

PROPORTION OF RURAL AND URBAN POPULATION

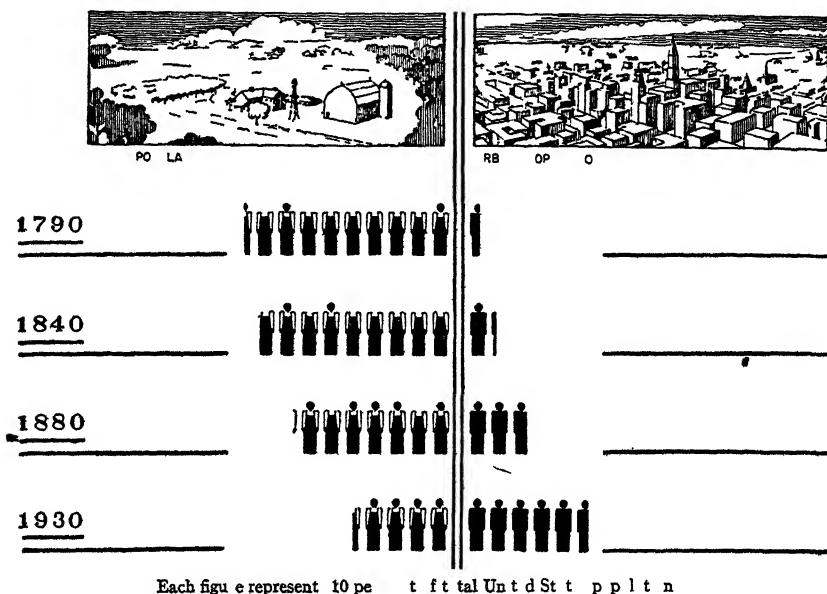


FIG. 21

From National Resources Committee *Our Cities: Their Role in the National Economy* p. 1

single city in the United States had a population of more than 50,000 inhabitants. About one hundred years later, in 1880, the city of one million persons appeared. Today, the majority of Americans live in cities. The change in location of residence is shown in Fig. 21. Undoubtedly the increased efficiency of agricultural production played a part in setting farmers on the move to the city. It took nine farm families in 1787 to feed one city family. By 1937, one farm family fed itself and seven city families.<sup>1</sup>

During the depression years, 1930-1934, the rush of farm folks to the cities was slowed down. Some people believe that the net migration during the early 1930's was in favor of the

<sup>1</sup> *Consumers Guide* Washington D. C. IV 13 Mar. 1938

farms. Actually the cityward migration continued during these years with a net migration of more than half a million to the cities and villages.<sup>1</sup> Yet it is true that many city unemployed returned to their farm relatives and many farm boys and girls who wanted to escape the drudgery and low incomes of farms had to postpone their plans. The 1940 Census shows that for the first time in our history, cities have not grown faster than farms, villages and towns.

Internal migration brings certain problems. California for example is a composite of divergent ways of life with  $2\frac{1}{2}$  million of its residents born elsewhere in the United States and its one million foreign born as compared to its two million natives. The proportions are even greater in the North Atlantic states and for most large cities. In South Carolina on the other hand the population in 1930 was composed almost wholly of natives of that state. In places where new people are constantly arriving different ideas and modes of life are introduced. Life here is bound to be more complex and to present more problems of adjustment than in areas where migration is negligible.

The farm population bears the expense of rearing and educating many children who move to the city when they come of age and are able to repay in productive work. Thus a large amount of rural wealth is transferred to cities. Furthermore the loss of rural population has made empty shells of some rural institutions. The cityward movement of young people has left many rural institutions depleted of membership. The tone of community life has been determined largely by children and elderly folks. The absence of associations which appeal to the middle aged persons in turn encourages further migration. The necessity of maintaining certain community services and associations in the face of a loss of wealth and potential members means a lower standard of efficiency.

Another group of migrants the transients increased greatly during the depression. There were at least a million of them by 1933 mainly made up of young single persons from the states east of the Mississippi. The transients traveled from city to city in search of employment though in many instances their movements were random. People leave their homes for areas of

<sup>1</sup> National Resources Committee *Problems of a Changing Population* p 9

greater opportunities which sometimes turn out to be imaginary. Furthermore the depression brought a changed attitude on the part of the cities towards these migrants. Unemployment increased and relief needs mounted. In 1935 the Federal government made local governments responsible for direct relief and cities responded by removing the welcome sign to migrants. In fact the posting of guards on the borders of California and Florida brought to a close the era of freedom of internal migration. Hereafter people who wished to migrate would have to prove their self support.

Whether or not the healthier and more intelligent farmers are city bound is debatable. One group maintains that the attraction of the best elements from the farms reminds one of fished out ponds populated chiefly by bullheads and suckers.<sup>1</sup> Those who hold the opposite point of view conclude that there is no valid evidence that migration to the cities is selective in the sense that the cities attract in a much greater proportion those who are better physically, vitally, mentally, morally or socially and leave in the country those who are poorer in all these respects.<sup>2</sup> One study claims that the better trained and educated persons tend to migrate from the farms to the cities.<sup>3</sup> Another study shows that Negroes who migrate from southern towns and cities to the northern cities do not have more intelligence than those who do not migrate.<sup>4</sup> It is also known that cities have a high proportion of the mentally deficient as well as those of high intelligence. However unless the social and economic conditions of farm life are improved the development in communication may make rural urban migration more selective than it has been.

### QUALITATIVE ASPECTS OF POPULATION

Thus far attention has been directed largely to the numerical aspects of population growth. Of equal if not of greater impor-

<sup>1</sup> E. A. Ross quoted in National Resources Committee *Problems of a Changing Population* p. 111.

<sup>2</sup> P. Sorokin and C. G. Zimmerman quoted in *ibid.* pp. 111-112.

<sup>3</sup> Noel P. Gist and Carroll D. Clark, "Intelligence as a Selective Factor in Rural Urban Migration," *American Journal of Sociology* vol. XLIV, pp. 36-58, July 1938.

<sup>4</sup> Otto Klineberg, *Negro Intelligence and Selective Migration*, Columbia University Press, New York, 1935.

tance is the consideration of the potentialities of a population. Yet the field of the qualitative effects of population changes is beset with prejudice and lack of sufficient evidence. It appears that we are in the beginning stage in the definition and measurement of physical and mental factors influencing vitality and personality. Furthermore, more must be known of environmental conditions affecting individual and group development.

**Eugenics** Some students of population believe that the great number of misfits are lowering the vitality and quality of our people. Eugenics is a program designed on one hand to breed a type of person who would possess certain qualities and on the other hand to eliminate the unfit by preventing them from reproducing. The eugenicists believe that the high fertility of the families living on the margin of decent subsistence subjects a large number of children in each succeeding generation to the blighting effects of poverty. Worst of all, eugenicists fear the reproductive tendencies of persons who are mentally deficient, diseased, or physically defective.

The mentally deficient or feeble-minded (treated in a subsequent chapter) constitute a small portion of our population, perhaps 1 to 5 per cent. Only 100,000 feeble-minded persons are institutionalized, but this number is undoubtedly a small portion of the mentally deficient. Present studies and researches indicate that hereditary factors play a very important part in causing mental deficiency. Of course, the death rate is very high for the worst cases in early life, and the institutionalization of many of these persons cuts down their reproductive rates.

Mental disease is even a more baffling and poignant problem. However, the causes of mental breakdown are still obscure. About 60 per cent of all hospital beds are occupied by 500,000 mental cases.<sup>1</sup> At least another million to a million and a half persons in the general population are afflicted with one of the various types of mental disease. The eugenicists point to an increasing proportion of the mentally diseased in the general population, but neither the rate of increase nor even the distribution of mental disease is definitely established.

We are told that the poorest fourth of our population will furnish half of the population in the next generation. This is

<sup>1</sup> National Resources Committee, *Problems of Changing Population*, p. 13.

taken to mean that the less fit are becoming more numerous. Families with the highest incomes, superior education, and many opportunities have on the average fewer children than families with meager economic and cultural resources. Families in which the father is in the professions or in business and clerical occupations on the average do not replace themselves. In contrast, poor families have large families.<sup>1</sup> The reproductive rates among the foreign born whites and the Negroes are also higher than those for the native white population although the differences are tending to disappear.

Despite the lack of precise knowledge of the nature of mental ability and the conditions that influence its development there is much popular interest in the relationship between birth rates and intelligence. A high level of intelligence is deemed a desirable individual and social goal and an essential in the quality of a people. Children making high intelligence scores usually come from small sized families. Yet families with imbeciles and idiots are no larger than families with children of normal intelligence. Among college graduates there is little relationship between intellectuality and their family size as such. Undoubtedly for a large number of families the meager opportunities for personal development constitute a drag on our cultural advancement.

The negative program of the eugenic movement is to eliminate the 'unfit'. There is no doubt that sterilization of known mental defectives will cut down on the number of such persons in the succeeding generations yet the problem is not so easily solved. H. S. Jennings, the eminent biologist, believes that the great majority of feeble-minded persons in the next generation will be produced by parents who are themselves normal in intelligence.<sup>2</sup> Sterilization, then, as a method of weeding out the unfit would take several thousand years. Again there is the practical difficulty of determining feeble-mindedness among the many borderline cases. We do not have precise measurements or techniques to embark upon such a plan in an extensive way.

The positive program of the eugenicists is to encourage the

<sup>1</sup> National Resources Committee *Problems of a Changing Population* p. 139

<sup>2</sup> Herbert S. Jennings *The Biological Basis of Human Nature* W. W. Norton & Company Inc. New York 1930

fit to reproduce their kind so that the population of the future will be heavily weighted with them. On this score the biologists are almost silent. We know a great deal about the breeding of certain physical traits in horses and cattle — even among plants but precious little is known about breeding human beings. Assuming that we did know much more significant questions arise. What traits are to be desired? Who is to be the judge in the selection of these traits? When we ask, Who are the superiors? the answer is vague. From epoch to epoch and society to society the traits of the elite have varied. The militarist would want to breed strong men. The teacher would prefer persons of superior mental ability. The autocrats would probably prefer the meek rather than teachers. The churchman would stress the breeding of moral and spiritual traits. Even if it could be decided what traits were desirable we would still be faced with the difficult task of determining how these traits could be passed on.

**Euthenics** Some people regard heredity as a relatively unimportant factor in human development especially since so little deliberate control can be exercised over the breeding of the human stock in our kind of society. This view does not oppose the notion that the constitutional make up of some few individuals will predispose them to a life of mediocrity and dependency regardless of their opportunities. Rather it is the belief that life opportunities for individual development should be extended to a larger part of the population. In this way potential contributions to the common good from millions of poor persons with talent can be realized. Unequal opportunities represent a tragic and obvious waste of human resources. Ameliorative social action, in form of employment opportunities educational facilities more stimulating family life and adequate health provisions, can do much to advance our culture.

Individuals obviously differ in talent and achievement. An individual may have a born talent for doing intricate mathematics but environmental conditions especially the training he will receive determine his achievements in the field of mathematics. Moreover the attempt to explain these differences by hereditary or environmental forces is now being shelved. At all points individual and group characteristics are influenced by biological and environmental factors operating together.

Physical anthropologists have shown that the physical traits usually considered most fixed such as bodily form and height may be modified by environmental influences<sup>1</sup> It has been clearly established that social heritage plays a role in the determination of intelligence and personality<sup>2</sup> Differences in nutrition family life education occupational opportunities and other social forces are always intertwined with the operation of genetic factors Thus caution must be exercised in making any generalizations concerning the importance of hereditary and environmental forces on human development

### URBAN AND RURAL DIFFERENCES

The population composition of the city is in marked contrast to that of the country Among the more distinguishing biological factors between urban and rural populations are age and sex while the major cultural differences are nativity and occupations

**Age Differences** Young adults tend to concentrate in our cities while the old (over sixty five) and the young (under twenty) predominate in the country The modern city has been created largely by the industrial revolution and it is no wonder that the city is the symbol of economic opportunities Thus ambitious persons in the prime of life seek the city However, cities vary among themselves as to age composition In cities along the Pacific coast there are comparatively few children and many aged persons while cities in the South show the opposite picture Within the orbit of the large cities the outlying areas show an age composition much like that of our rural regions On the other hand the central areas of the large city reflect the typical age composition of our cities

**Sex Differences** Country women who do not marry usually migrate to the city where self support is possible As a result our cities contain more women than men while our rural areas

<sup>1</sup> Franz Boas *Changes in the Bodily Form of Descendants of Immigrants* Columbia University Press (New York) 1912

<sup>2</sup> William F Ogburn and M F Nimkoff *Sociology* Chaps 1 2 H H Newman F N Freeman and K J Holzinger, *Twins A Study of Heredity and Environment* University of Chicago Press Chicago 1937 E W Burgess ed *Personality and the Social Group* University of Chicago Press Chicago 1929



are characteristically male. This is not true of our largest cities where the sex ratio is in favor of males. The explanation for this is the presence in the large cities of many foreign born males who have left their families behind. Many of these persons hope to return to their native lands with a small fortune or to save enough money to pay for the boat passage of their spouses. Women are especially numerous in our southern cities, while the western cities have the largest proportion of males. The proportion of males in satellite cities declines with the distance from the large city.

**Nativity Differences** People from every walk of life and every corner of the world have come to the city. Indeed the city has been regarded as the melting pot of races and cultures. In America the foreign born and their offspring are concentrated in the urban areas. It is common to regard the large city as a series of cultural islands or colonies of the most diverse social backgrounds. Chicago has more Polish persons than any city in what was formerly Poland and New York has more Italians than most cities in Italy.

In cities of more than 1,000,000 population the foreign born and their children make up nearly two thirds of the population. This proportion declines as the size of the city decreases until in the rural areas five sixths of the population are native whites of native parentage. The native whites have been increasing their proportion in the middle sized cities (25,000-30,000) and by 1930 they made up about half of the population of these cities. In fact the preponderance of foreign stock is less pronounced today than ever before. More than half of our city people are native white whereas in 1870 only one fourth were native white. In rural areas on the other hand the population has continued to be predominantly native white of native parentage.

The Negroes have also flocked to our cities. The greatest migration wave of Negroes from the South to the northern cities came during and after the first World War. Negroes constitute a decreasing part of the total population. Representatives of other racial and ethnic groups such as the Orientals and the Mexicans are also to be found in our cities. It is apparent then that one major characteristic of the urban dweller is his

dissimilarity to his fellow townsmen. Never before in the history of the world have great groups of people so diverse in social background been thrown together in such close contacts as in the cities of America. The typical American city, therefore, does not consist of a homogeneous body of citizens but of human beings with the most diverse cultural backgrounds often speaking different languages, following a great variety of customs habituated to different modes and standards of living, and showing only in varying degrees the tastes, the beliefs and the ideals of their native fellow city dwellers.<sup>1</sup>

**Occupational Differences** The country continues to play its traditional role as the home of the farmers. The city, on the other hand, is the 'workshop of American civilization. Most of the industrial establishments, wage earners, and salaried officers and employees are found in the city. The bulk of manufactured products and commercial distributing centers are concentrated in the great cities.

Generally, a larger proportion of the adult urban population is employed than is the case with the rural population. However, children are more of an economic asset on farms than they are in the cities. Not only is the urban world the 'great employer, but the types of occupations in which city and country people engage also differ. Those employed in trade and in clerical service are more numerous in large cities than in the rural areas and small cities. Moreover, the large cities favor the small business man and others who are self employed. In fact, it appears that only the larger cities can support the professional workers especially the artists. In the city the bulk of workers are concentrated in the ages eighteen to thirty-nine years while workers in rural areas are more evenly distributed throughout the various age groups. Finally, the city worker is faced with a shorter working life than the man in the country. In this sense the economic security of the country worker is higher than that of the city man though the city offers a greater variety of vocational and economic opportunities.

<sup>1</sup>National Resources Committee *Our Cities Their Role in the National Economy*  
U S Government Printing Office Washington D C p 10

## POPULATION PROBLEMS

**Increasing Population** The population of the world has been growing rapidly during the past three hundred years. If the population were to continue to grow at the same rate in the next three hundred years, as it has in the last century, there would be more than eight billion persons. To some people a continued growth is looked upon as a tragedy. The picture they draw is that of a suicidal race between the number and the welfare of people.

In the early nineteenth century, one famous writer, Thomas Malthus, believed that a growth of population would result in mass starvation and misery. Today we know that Malthus' observations were not extensive enough because he thought that a standard of living is a function of only two variables — population and food supply. In modern times the application of science and invention to food production has forestalled the day of reckoning. Furthermore, our inventions have transformed innumerable minerals into material goods. New uses for our natural resources are being found constantly. The development of economic agencies and institutions has also multiplied the material welfare of our people. Today, we no longer think of the welfare of a population only in terms of the food supply but also by the many other material goods which a century before were unknown. Moreover, today through storage and transportation facilities the supply of one area can be made available to others.

In the history of America population growth supplied the basis for a remarkable expansion of economic activity. The expansion of our numbers stimulated the opening up of new areas, the use of a host of minerals, of hitherto unutilized sources of power, and the establishment of many new industries. Many Americans found their property located along the lines of population advance or their new businesses catering to a growing market and they have thus enjoyed the most privileged economic position in the world. Even the American wage earners to some degree shared these economic advantages in areas serving growing populations. It is not difficult to appreciate then why an increasing population has been considered a normal

characteristic of a people. Thus it appears that population expansion in relatively recent times has not been considered a problem. However in some parts of the world an increasing population may be related to the problem of population pressure. This topic will be considered in the next section of this chapter.

**Declining Population** That we are approaching a stationary or even a declining population comes as a surprise or a shock to most Americans. For the first time in our history we are witnessing a reversal of a long record of increasing numbers. When the day of the census draws near we realize that the size of a community is a matter of local pride. Cities and towns try to outdistance one another in growth, and the probability of merely a small gain in population is viewed as an actual loss. Census recounts are demanded and political boundaries are widened in order to show a growth in numbers. Within the next three years, as more aspects of the 1940 Census data are released, many speeches and written articles will carry a pessimistic note about our declining population.

Historically our nation has been a youthful one. The tradition of population expansion has been accompanied by an attitude of optimism. A reflection of this spirit has been our eagerness to try new inventions of all kinds — technical and social. With the slackening and maturation of our population, conservatism and a greater resistance to social change might result.

Those persons who sell goods, or own real estate, or wish to enhance our national glory through the military might of increased man power are unhappy about the news of a stationary or contracting population. Relatively speaking, business men have had an easy time of keeping their doors open. With an ever increasing stream of new customers, profits were more or less assured. An increased volume of sales meant economies in production and the cost of selling goods. Business became geared to an ever increasing market. With a slowing down of our growth in numbers, the business speculations of the past will be hazardous. Business "mistakes" will not be so easy to cover up as they were in an era of expanding markets. More bankruptcies may be expected, as is indicated in the history of

France after the first World War. The chances to stage a come back in business will not be as bright as in the past.

The increase in the proportion and number of older people might change buying habits. One expert states that young people are the ones who set up the new household, requiring household equipment of all sorts, and producing children who will need everything from diapers to college education.<sup>1</sup> Recreational supply companies will shift to a new clientele and are wise to anticipate a decline in the demand for baseballs and an increase in the demand for golf balls. Perhaps advertising will change its copy appeal. However, the age distribution and size of our population will not change overnight. As our population growth slackens, business can make its adjustments gradually to a contracting market. In fact the business men who sell luxury goods, such as fur coats and automobiles, may not suffer at all from a smaller population if wages and salaries are increased and more widely distributed.

The traditional rise in real estate values was virtually caused by our increasing population. A man could make a fortune by owning a piece of land which developed into the central business district or the better residential areas. The decline in the rate of population growth and the slackening of city growth will tend to depress urban land values. Even rural land values will tend to decline because of increased mechanization and efficiency of agricultural production.

Population changes may be expected to influence the opportunity for employment. Perhaps the average workingman will be better off with a stationary or declining population. Yet the estimates for 1970 indicate that the number of persons in the productive ages, fifteen to forty five, will increase in total. This will be offset partly by a declining number of youths who at the present time add more than one half million new recruits to the labor market annually. The decline in the number of children has already been felt by the milk industry, where the laborers face the prospect of further unemployment. In addition, the speed required in the new industries has resulted in the

<sup>1</sup> A. Van Vliessen. *The World's Greatest Fact* (an interview with General R. E. Wood). *Forbes Magazine*, May 1, 1940, p. 12.

<sup>2</sup> National Resources Committee. *Problems of a Changing Population*, p. 25.

policy to hire young persons. The older workers will find it increasingly difficult to secure employment. For elderly women the situation will be even worse for there are few jobs for them now.

In the past the formation of a relatively large volume of capital was involved in the maintenance of employment and the functioning of our economic order.<sup>1</sup> In the last half of the nineteenth century fully 60 per cent of new capital was due to an increasing population. With the turn of the new century, opportunities for capital investment in the development of frontier territory disappeared, but an additional forty five million in population and the creation of new industries such as the automobile industry afforded outlets for capital. With the cessation of population growth in sight an important avenue for capital investment is being closed, but newly developed industries might be substitutes. Candidates for such a role are in building construction, such as prefabricated inexpensive housing, air conditioning units, and the plastics. If the prospect for continued capital investment by private builders does not meet up with expectations the government might make increased public investments, such as in housing, park and recreational facilities, construction of bridges, roads, and public buildings and military and naval expenditures for national defense. Yet if our low fertility and small immigration trends continue the investment problem will tend to become acute. In previous decades due to the pressure of population, a third to one half of all capital investment was devoted to residence and business construction. This picture will be changed unless new developments appear in building activity.

We have noted that a declining population will mean an increasing proportion of elders. These changes will have marked effects upon the government. It is probable that by 1970 more than half of the voters will be over forty five years of age. Thus, legislation will likely be more influenced by the desires and attitudes of the old. Furthermore a growing number of old people will affect our taxation system. Various social security payments will mount in total as more old people come into the

<sup>1</sup> Philip Hauser. Some Implications for Capital Investment of the Population Changes in the 1940 Census. Bureau of the Census. Washington. D. C. 1940.

population. If the government becomes a contributor towards old age insurance the tax bill of the nation will increase. Older people might even vote themselves larger benefit payments, and listen more attentively to such proposals as the Townsend Plan.

A decline in our population will take place largely by a gradual decrease in the numbers and proportion of children. Already we know that children are becoming scarce. The enrollment in our elementary schools is steadily declining. According to W. L. Austin, Director of the Census, in 1880 children under 5 years of age constituted 13.8 per cent of our population. Fifty years later — 1930 — they were only 9.3 per cent. In 1930 58.8 per cent of the total families had no children under 10 years of age and 38.8 had none under 21.<sup>1</sup> For some years this situation has been a point of attention in many sections in Europe and it is common to see such news captions as *A Nation Without Youth*. It may be, on the other hand, that this shift will bring a new attitude towards youth. Possibly an enlightened view will emerge which regards adolescence as a period of development and education. What changes might appear in the personality makeup of the only child are still not clear though there may be a greater tendency towards an unstable personality.

The National Resources Planning Board's Committee on *Problems of a Changing Population* is inclined to regard the population trend as beneficial to the life of the nation. Their analysis of the transition from an increasing to a stationary or decreasing population leads them to state: 'It insures the continuance of a favorable ratio of population to natural resources. This supplies the material basis for a high level of living if these resources are used wisely and if cultural conditions are favorable to initiative and cooperative endeavor.'<sup>2</sup> At any rate our people will witness a change of economic, political and cultural life, the emergence of new social problems, but also the prospect of more rational planning and the possibilities of orderly progress.

<sup>1</sup> W. L. Austin, *Background of the 1940 Census*, Bureau of the Census, Washington, D. C. 1940.

<sup>2</sup> National Resources Committee, *Problems of a Changing Population*, p. 7.

**Population Pressure** A frequent explanation given for the aggressive and warlike attitudes of certain nations is population pressure<sup>1</sup> By pressure it is meant that a relationship exists whereby the basic economic resources (transportation facilities, methods of providing goods and services extent of natural resources, and the known possibilities or new economic developments of an area) are insufficient to support the existing population Japan's invasion of China, and Germany's annexation of Czechoslovakia and much of Poland were supposed to be largely caused by the needs for living space which only additional lands could satisfy However, population pressure as such, is not a cause but is merely an excuse for war If people can be made to feel or think that their insecurities and problems require geographic expansion, population pressure serves the purpose of making people feel that war is a necessary instrument for their welfare Population pressure must also be judged in relation to the relative absence of pressure in other areas, especially neighboring areas People may live in poverty and still not feel that their condition can be remedied by acquiring new land Java is overcrowded and poor, but the Javanese have come to accept their life as it is It is important to observe that at the same time that the governments of Germany and Italy have been clamoring for more of the world's territory because of their own overcrowding they have made every effort to raise their birth rates

Historically societies have tried to counteract population pressure by cutting down on the birth rate (viz abortions) or increasing the death rate (viz, infanticide) In modern times birth control has limited the number of offspring and the death rate will rise as the population matures in age Population pressure may be relieved through emigration, technological advance, and through trade Yet, some nations discourage emigration because they believe that numbers will strengthen their military status and their ability to secure new resources During times of war trading as a method of expanding resources is hazardous and subject to immediate stoppage Some nations have come to regard as unfair the condition whereby their

<sup>1</sup>Warren S Thompson *Danger Spots in World Population* Alfred A Knopf Inc New York 1929



neighbors enjoy more natural resources and a favorable trade. There has been a race therefore to expand the military might of the nation so that this unequal distribution of material goods can be changed. As a result, emphasis is usually placed on numerical might and on the creation of a war economy. In this way national policy might actually cause a greater degree of population pressure though the original purpose is to remedy the maladjustment.

Undoubtedly in some parts of the world for example in China India Japan Java and Egypt, overpopulation or population pressure is a factor in mass poverty. The United States as a whole however, is not overpopulated in comparison to other nations. Yet pressure of population in relation to the present use of economic resources is already a factor in causing chronic poverty for some agricultural mining and forest areas in this country.

The natural resources of an area, its population size location and technology may have reached a point at which a relatively high level of living is possible but economic imbalance may exist because the various parts of the economy are badly adjusted. During the period of the dislocations mass unemployment and severe need may result. However in this situation population pressure is not caused by the basic disparity in the relation of numbers of people to resources.

Population pressure may be due to the maladjustment of population to resources which is caused by the exhaustion of the natural resources on which the livelihood of a region or nation depends. This condition now marks the Great Lakes cutover region of northern Michigan Wisconsin and Minnesota. At one time the forests of this area yielded great wealth and provided employment to many. Today the area is stripped of its forests because of rapid exploitation and failure to reforest the area. As the land was cleared employment in the lumbering industry decreased. Settlers turned to agriculture as a livelihood but the land was unfit for cultivation and a subsistence level of living resulted. Today there are many isolated farm houses in this region and the opportunities for employment are scarce. The relief of population pressure in this region depends upon the development and application of a long time

plan for the restoration of forests but in the meantime many people live in poverty. Employment in the copper industry in the Great Lakes region is also decreasing because of the relatively high costs of mining in areas whose best resources were skimmed off and because of the tendency of the copper mining industry to move on to more favorable areas in the West and Southwest.

Another maladjusted area in the United States is the Great Plains region, extending from the Dakotas and Montana to northern Texas. This is a region of sun and high wind and of little rain. Originally, this area was a range country and later it developed into a wheat farming region. During the past decades erosion, overgrazing, and reckless farming have depleted much of the soil resources in this section. Wheat planting robbed the soil of its sod covering and the droughts and dust storms took the lower layers of soil. As a result, millions of acres of farm land have been ruined, and many families were deprived even of bare living essentials. These families — the 'Okies' among them — have been driven from their homesteads and are still treading their paths to the West. Large scale plans, based on soil conservation, are being formed to check the wastage in this area. It is estimated though that the development of a sound economy in this region will involve far reaching changes in the present uses of the land and at best the area will support only two thirds of its present population.

There are other parts of our country in which suffering has resulted from the effects of soil erosion. In many areas intensive cultivation of slopes has caused the washing away of millions of tons of topsoil. The pressure of population which resulted is similar to that which occurred in the above mentioned areas. Throughout the agricultural and mineral areas an effort is being made to stop the wholesale destruction of our basic resources. The programs which are emerging to meet these maladjustments may require the moving of portions of our population from poor farm lands so that these lands might be shifted to forest development or pastoral uses.

Population pressure is also caused by conditions under which the characteristic occupations of an area and the number of people seeking the available jobs result in a relatively low level

of living Usually the areas of the extractive industries (agriculture mining and forestry) are marked by this trait The Northwest Southwest and especially the Southeast have average per capita incomes about one half that for the nation as a whole

Among the farm population alone the average per capita income in the Southeast was \$183 (in 1929) as compared to \$818 in the Far West In fact the average productivity of the family in the Southeast was well below that of the average farmer in England<sup>1</sup> This situation is explained in part by the fact that the Southeast has 40 per cent of the farm population but only 17 per cent of the total farm land This means, then that the area is also marked by a relatively high birth rate It is thought that the high reproduction rate of the area is a result of the low average income the lack of contacts with other areas, and the meager educational opportunities In fact during the depression years 1930-1934 over half of the natural increase of the nation occurred in the states of the South and Northwest, which contained only one third of the total population as the map in Fig 22 indicates Other factors which limit the opportunities for adequate living in the farm lands of the South are the low quality of land backward agricultural methods and the distance to markets

The bituminous coal mining areas of the Appalachian region show a similar maladjustment Competing fuels, such as oil, the use of more economical mines and the mechanization of mining have caused fewer opportunities for employment in this occupation The result is that many mining villages have been left stranded of a livelihood base and in other villages part time employment is common The attempt of miners in this region to eke out a livelihood by farming tends to create other problems for the agricultural resources of the region are insufficient to support even the present farm population

Thus population pressure is a condition which is created by the trend in birth and death rates the nature of migration of people and the economic resources of an area In addition population pressure results from the conception people come to form of the level of living to which they are entitled In some

<sup>1</sup> National Resources Committee *Problems of a Changing Population* p 43

instances these conceptions make existing life conditions intolerable and may be used as the excuse for aggression towards other nations

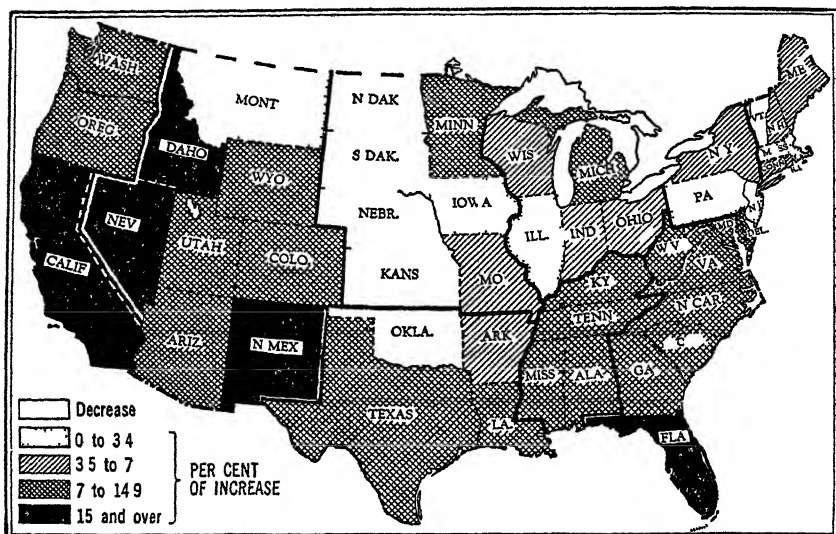


FIG 22 INCREASE OF POPULATION 1930-1940

From Philip M. Hauser, *Some Implications for Capital Investment of the Population Changes Revealed in the 1940 Census*, U. S. Bureau of the Census, Washington, D. C. 1940

## POPULATION POLICIES

All modern nations have a population policy of some kind. These policies vary in details and in degree of explicitness, but underlying all of them are the features of the 'best size and quality'. We have noted the possible effects of a changing population, and how an increasing as contrasted to a decreasing population would please different interest groups. Yet, it is difficult to speak of a 'best' population, because we inevitably get into the realm of standards of living and racial or other differences between people.

Concerning ourselves first with what constitutes the 'best size' of a population, the following items must be noted. There have been two main routes by which our population has grown: (1) the surplus of births over deaths, or natural increase, and (2) immigration. In America, there has been no national policy

to control the birth and death rate except in the interests of the individual. The thought has prevailed that births and deaths are not a proper realm for government attention but belong rather to the forces of fate or to individual fortune.

When more people learn that our rate of population growth is declining and have their prejudices aroused it might be expected that pressure will be placed on the government to stop the decline. This has already occurred in some of the major nations of Europe. In Germany and Italy for example the state pays a bonus for each birth or else money is loaned to a couple contemplating marriage and with each increase in the family part of the debt is canceled. In the 1920's in France the state ordered that the wage of a worker should be based in part upon the size of his family. In the United States the single person or the childless married couple are penalized in the form of a relatively higher income tax. Warren S. Thompson, an eminent population expert, proposes that our government encourage births by recognizing motherhood as a vocation and paying the mother a wage.<sup>1</sup> Regardless of what method is chosen to raise the birth rate it must be recognized that such efforts cost much money. Individuals may have to choose between larger families and increased taxes. At that there seems to be a limit to the effectiveness of increasing the population through a raised birth rate as we have seen in Italy and France.

Since the death rate is expected to increase in the next two or three decades another feature of our population policy might be directed to keep the death rate at a low level. In the past century, the big drop in the death rate came as a result of reducing the mortality among infants. Yet the survival of a greater number of infants to maturity operates today to create a disproportionately large number of adult persons. The state might spend increasing sums of money in the field of medical research which is aiming to reduce the death rate among the elders. Public health agencies may be directed increasingly to conserve the health of the older persons. Even in this sphere the effectiveness of a population policy is doubtful.

Italy for example has discouraged emigration in order to

<sup>1</sup> Warren S. Thompson, *Population Problems*—McGraw Hill Book Co. New York 1935 pp. 450–455.

tain her economically productive population. Germany too, has adopted a similar attitude. Both nations have been reluctant to recognize expatriation. In Germany, moreover, persons of means are discouraged from leaving the country, upon penalty of losing their possessions. Of course this measure is primarily intended to keep the wealth within the nation, but it serves as an obstacle to emigration.

Beginning with the 1920 decade, the United States adopted a policy of restricting immigration. If we want to keep our population from decreasing, there will probably be a demand to relax our present restrictive immigration policy. In fact, it is much easier to increase a population by immigration than by efforts to increase the birth rate or to decrease the death rate. However, if the unemployment problem continues, the agitation to open our doors freely to immigrants will not be very effective.

Migration within a country is also a feature of population policy. In the United States, internal migration is an important force in modifying the accumulation of population that would otherwise result from the differential rates of natural increase in different areas. Americans are no longer as free to move where they please as they once were. Restrictions on eligibility for relief and settlement laws in the various states together with deliberate and sometimes violent efforts to keep out prospective dependents are among the measures employed for this purpose. On the other hand, the Federal government has created the Resettlement Administration to move entire groups of people from areas of limited opportunities to new areas. The policies of the government as relating to the development of power, transportation and communication, and housing facilities have also served to redirect the distribution of farm and city populations. In some instances the migration aspect of population policy may indeed become very stringent and cruel. This is exemplified by Germany, where the government has created ghettos within areas under its domination, and has forced thousands of peasants from Poland and other conquered countries to migrate into Germany to take the place of German farmers who are in the army.

The problem of quality in the population policy of a nation looms large. The Germans have marked large numbers of persons as "unfit" and therefore subject to internment in concen-

tration camps or compulsory sterilization. The prevention of reproduction of persons handicapped by extreme hereditary mental deficiency may be socially desirable but caution must be exercised. We need further definition, measurement and agreement about those who are the hereditary unfit. Class interest or racial and religious prejudice may easily influence the policy in this field. It is extremely easy to use the quality feature of population policy as a weapon for witch hunting. To date, our Federal government has not adopted any sterilization program though twenty seven states have enacted some compulsory sterilization laws <sup>1</sup>

Our Federal government has for a long time exercised control over the quality of our immigrants. Starting with the exclusion of the Chinese in the 1880's we also excluded paupers, criminals, convicts, and the insane. By a law of 1891 to this list were added the idiots, prostitutes, polygamists and persons with contagious or loathsome diseases. Even tests for literacy and education and wealth qualifications were included. There is much doubt, however, whether or not these criteria are in any way related to quality. More important, our recent immigration laws favor the migrants from northwestern Europe. The annual quota of approximately 150,000 immigrants allows only 20 per cent of the total to come from southern and southeastern Europe. If we have felt that the northern Europeans are of a better quality than those of southern Europe, it has been difficult for us to reconcile this attitude with that of allowing Mexican and, until recently, Filipino immigrants in unlimited numbers.

#### TERMS TO BE UNDERSTOOD

population	internal migration
birth rate	immigration
death rate	emigration
infant mortality rate	selective migration
natural increase	eugenics
net reproduction rate	euthenics
expectation of life	population pressure
quota countries	age distribution

<sup>1</sup> Operations for Eugenic Sterilization Performed in State Institutions under State Laws up to January 1, 1933. *The Human Betterment Foundation*. Pasadena, Calif.

## QUESTIONS FOR DISCUSSION

- 1 What effect will the future trend of our population growth have on the age composition and on the size of our population?
- 2 Is it possible that in spite of the fact that our population increased by almost 800 000 last year we are not maintaining our numbers? Why?
- 3 Francis Walker a former head of the Census Bureau once declared that our present population is no larger than it would have been even if the millions of immigrants (those arriving in the latter part of the nineteenth century) had not come to America What reason do you suppose he advanced in support of this statement? Do you think that he was correct?
- 4 What are the ways in which population pressure might come into existence? What methods can a nation use to relieve its population pressure?
- 5 Is an increase of population beneficial or harmful and under what conditions
- 6 What is the population trend in your city your county or your state? How does this trend affect the problem of dependency the schools public services land values?
- 7 Below is a sample of a population pyramid which shows the age and sex distribution in a given community Make one of your own town city or county

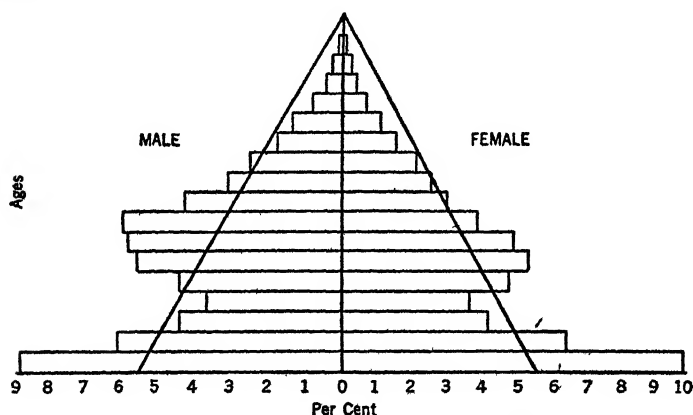


FIG 23 POPULATION PYRAMID OF A COMMUNITY

To find the population figures by age sex color and nativity consult Table 12 of the 1930 Census Take the entire population as 100 per cent and calculate the per cent of the total population for each of the 38 age sex groups beginning with males 4 years and under, and including all over 90 in the 90-94 age group Note that the 1930 Census gives 5 year age periods for the ages up to 34 10 year age periods for 35 to 74 and one age period for 75 and over Consequently you will have to divide the 10 year age periods by 2 and the 20 year age period by 4 How do you explain the indentations in the population pyramid?



## FOR FURTHER STUDY

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## CHAPTER 11

### TECHNOLOGY

It has long been recognized that science and technology have played an important part in the development of modern industrial society, yet few have fully realized that these forces have had a directing influence on our present social order. To admit that these inanimate forces were directing man's destiny seemed to minimize the influence of man's efforts to guide his own destiny through intelligence and wisdom. It is not intended here to support a purely technological conception of history for any single interpretation is bound to be inadequate. It is hoped, however, that by showing that modern technology has been both an important cause and effect of social change organized society may attempt more seriously to understand the effects of technology and to use this understanding for the betterment of society. Certainly the existence of widespread poverty alongside the most magnificent producing mechanism yet devised does not speak very highly of man's ability to use existing means to improve the lot of the average member of society.

This chapter seeks to show the development of inventions and technology during the last few centuries and to indicate how these developments were basic to the rise of modern industrialism. The effect of inventions singly and in groups, on the economic, political and social systems will be indicated and the effect of the latter on inventions will also be shown. The concluding section will indicate recent developments in technology and their probable effects, with a brief discussion of how society might prepare itself for these anticipated results.

#### NATURE AND DEVELOPMENT OF TECHNOLOGY

**Kinds of Inventions** To the average individual the term 'invention' brings to mind some new mechanical device that has been perfected. To the student of social science this is only

partly true, because invention includes any new element in the culture and it may be either material or nonmaterial. Thus workmen's compensation, social security, companionate marriage, city manager plan, the Australian ballot, and the junior college are examples of inventions or new elements in society although they are obviously nonmaterial. There are other inventions which consist of processes of doing things, such as the making of fire, the domestication of animals, and agriculture, all of which have been invaluable to man's progress. We are all familiar with the mechanical inventions of society, such as the wheel, the steam engine, the radio and telephone, the airplane, the automobile, and countless others which have made our modern, mechanized industrial economy possible. In order to avoid confusion it has been suggested that the term 'social invention' be used to mean any invention that is not mechanical and that is not a discovery in natural science.<sup>1</sup> The discovery of a cure for smallpox is a discovery in natural science, yet it is not mechanical. A new technique or procedure in laying out an assembly line is also just as much an invention, and might be just as valuable as a new tool or a new machine to be used in production. Thus it should be clear that inventions can be either material or nonmaterial. However, for convenience the term 'invention' as used in this chapter will refer to material invention.

**The Origin of Invention** Most important inventions are usually associated with the name of a single man, the man who finally perfected the idea, or the man who received the patent for the mechanism. Any historical study of invention will show, however, that most inventions are not the discovery of any single individual but that they represent the labor of many men over a long period of time. The general state of knowledge on any given subject at any one time is known to those interested in that subject, and the specific problems to be solved attract the attention of many scientists in the field. It becomes therefore a matter of chance who will be the first to perfect the needed invention. Thus today hundreds of scientists are working on a cure for cancer, and if any one individual is successful in finding

<sup>1</sup> William F. Ogburn and Meyer F. Nimkoff, *Sociology*, Houghton Mifflin Company, Boston, 1940, pp. 859-860.

a cure it is more than likely that he will have depended heavily on others in the field for information and leads as to possible solutions. Yet in most cases, the ultimate discoverer is given all credit for finding the proper solution.

Fundamentally inventions are the result of man's attempt to solve the problems which beset him. When organized society first began and men had to learn how to live with each other harmoniously many new customs developed to make the organized society a lasting one. Laws had to be devised, methods of communication had to be invented, the family or some other group had to be set up to rear the children and so on. As new problems arose they had to be met, and if an existing custom or institution could not be used to solve the problem a new institution arose to solve it. Thus, in our own times we had no adequate method of dealing with economic want so we invented or devised legislative means to solve these problems, namely social security legislation and the relief setup. In modern times we have been able to identify the discoverer or inventor of new ways of doing things but the origin of some of the most important inventions in civilization is shrouded in mystery. This certainly applies to the domestication of animals, the making of fire, the wheel, the wedge and many others.

Our interest here is primarily with the methods employed to solve man's basic economic needs and desires. Our early ancestors who moved about from place to place in search of game soon discovered that by throwing an object at an animal they could subdue it with ease. At first ordinary stones were thrown but in time many hours of hard labor were employed in chipping hard stones into shapes which penetrated the outer skin of a hardy animal and thus made the kill more certain. The stone arrow thus developed was one of man's most important early inventions and aided him greatly in solving his food problem. Other stone implements were devised for cutting down trees and carving them into useful utensils and implements.

When man discovered metals and learned how to work them into desired shapes he was able to devise more complicated tools and implements to aid in his fight against nature for the food, clothing, and shelter he needed. This process has continued unabated until today we are able to satisfy our basic needs with

relative ease and are able to produce luxuries and semiluxuries with which to enrich our lives. It seems that we are able to devise almost any mechanism which is needed in production.

It has often been said that 'necessity is the mother of invention' and many people feel that if we need an invention badly enough it will be forthcoming. It is true that in many cases need has been instrumental in causing inventions to occur. When a pressing problem besets society the brains of that society concentrate on a solution to that problem, and as a result of this concentrated effort a successful solution in the form of an invention has often resulted. Yet it should be borne in mind that need by itself will not automatically bring forth the required invention. If the necessary elements of an invention are in existence need may bring forth the invention. We need a cure for cancer very badly, but thus far none is forthcoming. We could make very effective use of a means of transmitting electrical energy through space without wires but there are no signs yet of such a discovery although the authors of our comic strips have invented it in their imaginations. As indicated above, however, by attracting the energies of our scientists these particular problems may very well yield to newly invented solutions. Our new discoveries and improvements in warfare illustrate this point. Our laboratories had not been engaged in war research as had the German but once we became involved in the war almost all of our research activities were directed to technical war problems. The results of this concentrated activity have amazed the world, but the full story cannot be told until the war's end.

**The Spread of Inventions** The inventions of one group become known to other groups by the process of diffusion. In primitive societies there was very little contact between the various organized groups, so that centuries often elapsed before the discoveries of the one became known to the others. In time, as methods of communication improved inventions spread rapidly from group to group. Today a new invention may become known to the entire civilized world in a few hours by means of modern methods of communication.

War and the subjugation of one people by another have been powerful stimuli to the spread of invention and culture generally. In the present war, which is being fought in remote and primitive

lands the material inventions of the warring nations are being made known to the natives for the first time There is little doubt that the lives of these people will be materially affected by these contacts

Our modern industrial corporations have made a business of introducing their wares to peoples in every corner of the globe So widespread are some of these products that travelers are no longer surprised when they see a Singer sewing machine, a Standard Oil can, or a Ford car in the most inaccessible spots on the earth

Some groups make a definite practice of sending their more intelligent students to the more industrially advanced nations so that they may learn the new ways of production and other new discoveries and bring them back to the mother country The Chinese and Japanese have sent over thousands of their students to Western industrialized nations and as a result of this training the students have been able in part to modernize their backward economic systems The transformation of the Japanese economy during the past forty years represents a remarkable achievement in this respect

The sending of missionaries and other agents to so called backward regions has been another important means of spreading inventions The explorations of the fourteenth and later centuries resulted in a tremendous interchange of inventions between the East and the West The American culture represents in large part the accumulation of traits that have had their origin in all corners of the globe

In recent years the great development of communication has accelerated the interchange and spread of inventions within countries and between countries National and international conventions, books, and periodicals make it possible for scientists all over the world to learn what others are doing In this way the work of one man can be checked by that of others, and any discoveries can be made known so that others may either give up their search or may use the discovery as a basis for further investigation So long as international good will continues, this process will continue, but if the present trend toward extreme nationalism goes unchecked the diffusion of inventions may be sharply and deliberately curtailed

Many attempts have been made in the past to prevent the spread of inventions so that their benefits could be retained by a particular country. England forbade the exportation of any of her textile machinery in the eighteenth and nineteenth centuries because she was anxious to retain for herself the leadership in the production of textiles and to prevent competition from arising. In other cases the inventions of more industrially advanced nations were available to less advanced nations but they were not used because of the lack of desire or the inability to use them. Countries which hold fast to tradition are very slow to adopt the inventions of other nations and they cling tenaciously to their old ways of doing things.

**Conditions Favorable to Invention** Inventions have occurred in all civilized groups and in all ages yet the rate of invention has varied greatly from time to time and place to place. In explaining this variation several factors must be taken into account.

In the first place the physical requirements for invention must be available before they can take place. It is no accident that the countries which had adequate supplies of coal and iron were the first to discover the uses to which these could be put. This explains in large measure why England became the first industrialized nation in the world. Today it is the nations with physical equipment in the form of scientific laboratory equipment that are producing the important inventions.

The general prevailing attitude toward innovation is another important consideration. During the Dark Ages anyone who disputed existing teachings was declared to be a heretic and was summarily punished. It was not safe for one to claim that existing knowledge was wrong or to show his new discovery and invention to a world that feared innovation and change. The transformation of Europe to a position of dominance in world affairs dates back to the change in attitude toward man's natural and social environment. Instead of accepting the existing order as it was and being satisfied with a certain position in society, thinking men in Europe believed that they could use and they were determined to use discovery and invention to change the existing environment and adapt it to the fulfillment of new wants and plans. This changed attitude which conceives of

science as an instrument for making and remaking a universe of one's own seems to contain the secret of the European's ultimate political ascendancy over the older civilizations of Asia.<sup>1</sup>

The importance of favorable economic, political, and general social conditions to the development of inventions is emphasized by the fact that many inventions have been forecast in the past by the Greeks and great men like Da Vinci, yet they were not able to proceed very far with the perfection of their inventions because of the unfavorable social milieu. Greek culture has served as a principal basis for theories of the inventive process that emphasize the difficulties encountered by invention in a politically and economically static society and the dependence of the spread and development of inventions on a parallel evolution of the whole social body. One of the striking incidents in the history of technology is the precocious advance of Greek scientific theory toward revolutionary inventions such as the steam engine and pneumatic artillery and the arrest of this advance not so much by social checks or prohibitions directed against it as by the limited and unimportant uses to which it was put.<sup>2</sup>

Table XVI shows the great increase in the number of inventions in the United States and other countries. It will be recognized that in the fifteenth, sixteenth and seventeenth centuries the number of discoveries was rather small because this period still suffered from the effects of the retardation of scientific progress during the Dark Ages. With the growth in freedom of thought and expression and the acceptance of scientific discoveries and mechanical inventions the way was opened for greater progress along these lines.

**The Cumulative Character of Inventions** Table XVI also shows the cumulative effect of inventions. The more inventions there are the more inventions become possible, because there is so much more raw material to work with. A single important invention opens up an avenue for countless other inventions to follow. All of our complex machines today, the automobile for example, are the result of the accumulation of many simpler machines and inventions. As far back as 1857 it was

<sup>1</sup> Carl Brinkman, *Invention*, *Encyclopaedia of the Social Sciences*, Vol. VIII, p. 248.  
<sup>2</sup> *Ibid.* p. 248.



TABLE XVI<sup>1</sup>  
THE GROWTH OF PATENTS AND INVENTIONS IN THE UNITED STATES  
AND OTHER COUNTRIES

<i>Patents Issued in the United States 1840-1931 by Five Year Periods</i>		<i>Inventions Reported by De mstaedter 1450-1899 by Twenty five Year Periods</i>	
<i>5 Years Ending —</i>	<i>Number of Patents</i>	<i>25 Years Ending —</i>	<i>Number of Inventions</i>
1845	2 425	1474	39
1850	3 517	1499	50
1855	6 143	1524	84
1860	16 997	1549	102
1865	20 779	1574	109
1870	58 833	1599	127
1875	61 024	1624	135
1880	64 496	1649	129
1885	97 357	1674	237
1890	110 493	1699	218
1895	108 456	1724	180
1900	112 325	1749	281
1905	143 791	1774	410
1910	171 560	1799	680
1915	186 241	1824	1 034
1920	197 644	1849	1 885
1925	203 977	1874	2 468
1930	219 384	1899	2 880

possible to state that the present spinning machinery is a compound of about 800 inventions<sup>2</sup>

The automobile today is taken for granted because it is so commonplace yet it represents the result of a large accumulation of different inventions. If Goodyear had not accidentally discovered how to make rubber high speed travel on roads would

<sup>1</sup> Adapted from Research Committee on Social Trends *Recent Social Trends in the United States* p 126

NOTE Patents and inventions are not identical. Many inventions are not patented. Many patents concern such small improvements that they may not be called inventions. It is difficult to draw the line between inventions and technical improvements or adaptations. A single major invention such as the automobile may combine hundreds of patents while the invention itself may not be patented. *Ibid* p 123 note

<sup>2</sup> Stuart Chase *Men and Machines* The Macmillan Company New York 1937 pp 72-73

not be possible. Comfortable travel would not be possible without pneumatic tires, springs, and shock absorbers. Inexpensive travel would not be possible without cheap gasoline, which originally was a by-product of kerosene. The automobile itself in its present form depended upon the invention of the gasoline motor. Methods of transferring power from the engine to the wheels had to be discovered. Methods of braking, such as the hydraulic brake, had to be perfected to permit safe driving at high speeds. Safety glass came eventually, as did the all-steel top and body. Recently, soy beans have been converted into durable plastics which do not deteriorate in grease and oil and which are used extensively in making automobile parts. The self-starter represented a great advance and made driving more popular with women. Along with these inventions which are to be found on any automobile today, there are countless others which have come along with the automobile and have made travel safe and fast. Among these are well-built hard-surfaced roads, traffic lights, clover-leaf approaches to roads and many other related innovations.

**Inventions Underlying the Industrial Revolution** Inventions differ in importance in regard to their effects on society. The zero, the alphabet, the wheel, and agriculture had tremendous significance in the development of world history. The great invention of modern times was steam power and its application to production and transportation. A scholar might spend his lifetime in trying to catalogue the direct and indirect social effects of the steam engine without exhausting the list.

The cumulative process of invention is well illustrated in the development of the Industrial Revolution. A new invention in one field led to discovery in other related fields, as well as to improvements in the original invention. The series of clothing inventions in England in the eighteenth century is a case in point.

In 1738 Kay invented the flying shuttle for weaving cotton. This device relieved two persons of the boring task of passing the shuttle from side to side by hand. The flying shuttle was soon widely adopted and before long the weavers were able to weave cloth at a much faster rate than the spinners could spin it. In order to break the spinning bottleneck, several ingenious English

men began working on methods of improving the spinning process, and in 1764 Hargreaves produced his spinning jenny, which made one wheel operate eight spindles but before long it was operating 100 spindles. Arkwright shortly thereafter devised the roller spinning frame, a machine which was too big and expensive for home use and thus drove spinning from the home into the factory. In the 1770s Crompton produced the spinning mule which made a much finer and stronger thread and enabled the spinners to spin more cotton thread than the weavers could weave. This situation was soon remedied by Cartwright's loom which again enabled the weavers to keep up with the spinners.

The race between the spinners and weavers resulted in such a great increase in production with corresponding reductions in costs and increases in sales that a shortage developed in the supply of cotton. The cotton growers were unable to clean their cotton fast enough to meet the demand for cleaned cotton because the cleaning process was so laborious. Once again, however, the bottleneck was removed by Eli Whitney's famous cotton gin which could clean cotton 100 times faster than it could be picked by the Negro slaves.

At about the same time that these developments were taking place another series of developments was taking place in the field of power. The newly created machines were too heavy to be operated by hand, so some other motive power had to be used. The only available power, natural water power, was harnessed to turn the wheels in the factories which were located alongside the streams and rivers.

In 1698 Thomas Savery perfected a practical machine to pump water from coal mines by means of a vacuum created by steam. Some years later Newcomen devised a crude steam engine, and it was when he was called to repair a model of Newcomen's engine that Watt began thinking of methods to improve the crude contraption. One of the troublesome tasks in connection with the operation of this machine was having to douse the steam cylinder with cooler water in order to condense the steam, thus creating the vacuum which created the power. Watt thought of adding an automatic condenser to the machine and this proved to be Watt's greatest achievement. The initial patent on this

invention was taken out in 1769, but the first really successful engine was completed in 1776 <sup>1</sup>

When Watt's steam engine was added as motive power to the rapidly improving textile machinery the Industrial Revolution in England began in full sway. The cotton machinery was modified to make it useful in wool production and soon a virtual stream of fabrics was flowing from the English factories. The cheapening of the fabrics as a result of these technological improvements so reduced costs and prices and stimulated new demand that the demand for the raw materials increased tremendously. In this country the increase in the demand for cotton so stimulated production that slavery was given a new lease on life and entrenched itself in southern agriculture. In tracing the derivative effects of technology, one is tempted to ask whether the Civil War would ever have occurred if certain mechanical contraptions had not been invented.

These technological improvements are only part of the explanation of the Industrial Revolution. Other favorable factors had to exist so that these inventions could take hold. It was no mere accident that iron and cotton along with pottery were the spearheads of the technological advance in the eighteenth century. These industries were virtually new to England, and they were not impeded by vested interests and governmental interference. Still more important there was one market to be captured from the hand producing countries and another market to be created by the cheaper cotton fabrics. Lancashire cotton goods ousted oriental produce from the European, African and plantation markets and eventually invaded the Orient itself, they stole some ground from the linen and woollen producers but the total was insignificant when compared with the new demand for more clothing and for domestic decoration which the cheap fabrics created. The story is not one of insistent demand compelling changes in productive methods; it is rather one in which changed methods and lower production costs resulted in a commodity which created a new big demand. <sup>2</sup>

These developments naturally gave England an advantage

<sup>1</sup> This development is described in Chase *op cit* Chap IV

<sup>2</sup> Herbert Heaton *Industrial Revolution Encyclopaedia of the Social Sciences* Vol VIII pp 6-7

over her competitors and she went through the mechanization of the Industrial Revolution so long before the other countries that she won an initial advantage that kept her in front for many years. The developments in England naturally spread to other countries, and beginning in the early nineteenth century the United States experienced its first real start in industrial development. In comparing the United States growth with that of England Professor Ernest L. Bogart wrote that there were no vested interests in the United States either of fixed capital or of painfully acquired skill to resist inventions and new machinery. Instead of the frame breaking riots that accompanied Arkwright's introduction of his machines in England the cotton planters of the South stole Whitney's ginning machine so they could use it more quickly.<sup>1</sup>

The conditions for industrialization in the United States were especially favorable. The products of the new manufactures were quickly absorbed by the expanding domestic market. The new inventions were hard put to provide the products which were needed, for the existence of free or cheap land in the West created a scarcity of labor. This situation of course was in sharp contrast to the present situation wherein millions of workers are unemployed and labor opposes the introduction of new labor-displacing machines unless the workers are cared for.

**Capitalism and Modern Technology** The scarcity of labor described above was an important factor in determining the course of capitalistic development in this country. The labor supply affected the course of technological advances and it is certain that the dynamics of capitalist economy is bound up intimately with modern technology. As a result of the shift of all heavy work as well as a large share of the finishing work to machines driven by natural power the curve of production was able to rise sharply above the curve of population increase and great individual and social wealth, characteristic of capitalism was made possible.<sup>2</sup>

The machinery that was designed in the United States was

<sup>1</sup> E. L. Bogart *Economic History of the American People* Longmans Green & Company New York 1936 p. 439

<sup>2</sup> Emil Lederer *Technology* *Encyclopaedia of the Social Sciences* Vol. XIV p. 553

made to fit the character of the laboring population. The elements that went to work in the factories were largely unskilled, and many of them were newly arrived immigrants who concentrated in the rapidly expanding industrial towns. Important use was also made of the young women from rural areas who congregated in the factory towns of New England and provided a rich source of unskilled labor that could operate the machines designed especially for the unskilled.

Perhaps the outstanding achievement of Yankee ingenuity was the creation of machines that made standard interchangeable parts which could readily be assembled into the finished product with a minimum of hand labor. The modern assembly line in our great automobile factories represents the extension of this principle to a high degree of refinement. It seems that our superiority in this standardization process is largely responsible for our present dominance in manufacturing.

The principle of standard interchangeable parts was not discovered in this country, because it was known earlier in England but our engineers carried it to perfection. Eli Whitney made an early use of it when he was called upon to increase the production of arms to aid this country in the War of 1812. The standardization process was further stimulated during the Civil War when the Union government needed large supplies of war clothes. The newly perfected sewing machine was produced on a large scale and permitted the development of large scale production methods in the making of soldiers' uniforms. The story is told of the demonstration made by an American watchmaker before a group of European watchmakers at the Paris Exposition. The demonstration consisted of taking a number of watches apart and putting the various parts into individual heaps. Then the American producer took a random part from each pile and constructed an entire watch. This is said to have amazed the European producers, because they were accustomed to making individual parts for each watch so that the parts were not standard and hence not interchangeable. Our methods, of course, make it possible to produce an efficient timepiece for a dollar.

This principle was also important in the rapid mechanization of American agriculture. Farmers who were hundreds and

thousands of miles away from the producers of their implements were not apt to buy tools and equipment which required sending back to the factory for repairs or required the services of a high wage engineer or mechanic to assemble or repair them. The implements were usually shipped broken down and with a set of directions any average farmer could assemble the parts into a workable implement. In case of a breakdown the farmer simply wrote to the factory for the particular part which could be identified by its own letter or number, and the farmer could easily repair the tool himself.

It is a principle of production that large scale production is not economically practicable unless a large body of standard products can be marketed. It does not pay to devise a machine which performs only one task on a complicated product unless that machine can be operated continuously in the performance of the same repetitive task. In order thus to employ machines a large market must exist and it was the existence of the large and rapidly growing domestic market that made it profitable to devise and employ such machines.

It is obvious that the task of financing an enterprise of such size is usually greater than can be assumed by a single individual so it became necessary for groups of individuals to act together to make such large scale enterprise workable. To make this possible certain developments had to take place in the economic and political spheres, and these developments emphasize the point made earlier that other conditions must be favorable before technological progress can take place. The political developments in this country were the establishment of general incorporation laws which permitted the easy and inexpensive chartering of new corporations and a laissez faire policy of government which imposed few restrictions on business activity. In addition manufacturing was deliberately encouraged by a tariff policy which kept out the competing products of other countries.

The developments in the economic sphere were the perfection of the corporate form of business organization which permitted the concentration of the savings of many individuals into one business unit and the introduction of new types of securities that appealed to various classes of investors. The further growth

of American business and industry into the mammoth business units we know today was made possible by refinements and extensions of the corporate form into the trust interlocking directorates and the holding company. Thus it is seen that there is a mutual interaction between technology and other social developments, with technological changes being sometimes a cause and sometimes an effect of other social changes.

### SOCIAL EFFECTS OF TECHNOLOGY

**Invention and Production** The direct purpose of technological inventions is generally to improve production. That such has been the result in the United States has amply been demonstrated by the tremendous increase in the production of all kinds of products. In the production of agricultural products truly remarkable progress has been made. As far back as 1860 the crude implements which had been devised for agriculture had marked a great improvement over former methods of production. The saving effected by the use of these improved implements was estimated in the census of 1860 as equal to more than one half the former cost of working. By the improved plow labor equivalent to that of one horse in three is saved. By means of drills two bushels of seed will go as far as three bushels scattered broadcast, while the yield is increased six to eight bushels per acre. The plants come up in rows and may be tended by horse hoes. The reaping machine is a saving of more than one third the labor when it cuts and rakes. The threshing machine is a saving of two thirds on the old hand flail mode. The saving in the labor of handling hay in the field and barn by means of horse rakes and horse hayforks is equal to one half. The entire labor force of the United States in 1860 would probably have been insufficient to harvest in season the crops of that year by the methods of a generation previous.<sup>1</sup>

As remarkable as this improvement had been, it was dwarfed by the developments since 1860. There have been improvements in metals that resulted in stronger implements. More and more processes were added to the individual machine. Steam power and later gasoline engines were added as motive power to operate

<sup>1</sup>Bogart, *op cit* pp 304-305



the machines. There were improvements in seeds, in fertilizers and methods of cultivation. It was estimated in 1880 that over 10 000 patents had been granted in this country for implements and machines connected directly with the cultivation, harvesting and handling of grain alone.<sup>1</sup> A man operating the latest combine and tractor in 1922 could cut, bind, thresh and sack the wheat from forty acres and he thus performed the work that not long before required the labor of about fifty men. Table XVII below indicates statistically the great increase in cereal production.

TABLE XVII<sup>2</sup>  
PRODUCTION OF CEREALS 1860-1910  
(IN MILLIONS OF BUSHELS)

<i>Year</i>	<i>Maize (Corn)</i>	<i>Wheat</i>	<i>Oats</i>	<i>B. rley</i>	<i>Rye</i>
1860	838.8	173.1	172.6	19.8	15.5
1870	760.9	287.1	282.1	29.7	16.6
1880	1754.6	459.4	407.8	43.7	19.8
1890	2122.3	468.3	809.2	78.3	23.6
1900 <sup>1</sup>	2666.3	658.5	943.3	119.6	25.5
1910	2552.1	683.3	1007.1	173.3	29.5

What was true for cereal production was also true for the production of other agricultural products. More remarkable progress was made in manufacturing industries generally and significant improvements were made in mining and other extractive industries. Unbelievable gains were registered in the transportation industries which even by 1860 had shown marked improvement over that of 1800. Table XVIII on page 312 indicates the substantial improvement in labor productivity, which measures largely technological progress between 1909 and 1939 in manufacturing, mining and steam railroads.

It is important to note the substantial increase in labor productivity between 1932 and 1939. Herein lies in part the explanation of the failure of the economic system to absorb the millions of unemployed workers while substantial improvement in the production of goods and services was being achieved.

<sup>1</sup> *Ibid.* pp. 497-498

*Ibid.* p. 501

TABLE XVIII<sup>1</sup>  
 CHANGES IN PRODUCTIVITY IN MANUFACTURING MINING AND  
 STEAM RAILROADS 1909-1939  
 INDEXES OF LABOR PRODUCTIVITY (AVERAGE 1923-1925 = 100.0)

<i>Output per Man Hour</i>	1909	1919	1923	1929	1932	1939
Manufacturing	62.3	71.9	94.1	124.1	129.6	164.2
Bituminous coal mining	69.5	85.1	99.2	107.2	115.0	141.0
Anthracite mining	84.8	100.0	103.5	99.8	119.0	178.6
Steam railroads	75.4	85.4	96.4	113.9	111.9	149.3

Under the pressure of war demands, American technicians have achieved production miracles in the manufacture of war materials, particularly in shipbuilding airplanes and mechanized equipment. Phenomenal gains in labor productivity have been made, and the end is not in sight. Machine parts whose production used to require hundreds of man hours of labor are now being produced in a few minutes. The full revelation of these developments must await the war's end, but it is no exaggeration to say that the ultimate success of the Allies has been assured by the genius of American scientists, management and labor working cooperatively in the common cause. The speed with which these gains have been made makes the story even more amazing.

**Invention and Rural Life** It is relatively easy to determine directly what the tangible results of technology have been. We have this information in volumes of statistics on production. There are other results of technology, however, that are no less important than the physical production, but which are more difficult to discern and analyze. Modern science and invention have not only revolutionized our methods of production, but have also helped cause a revolution in society as a whole. Rural life in all of its aspects has felt the effects of this change.

Whereas in 1800 the great majority of the population lived on farms because it was needed there to produce food, today less than a quarter of the population is needed to feed the entire population. It seems safe to say that 10 per cent of our people

<sup>1</sup> Adapted from Table I, p. 4, *Wages, Hours and Productivity of Industrial Labor, 1909 to 1939*, reprint from the *Monthly Labor Review*, Bureau of Labor Statistics, U. S. Dept. of Labor, Sept. 1940.

using the best land the best implements and the latest information of our agricultural colleges could easily provide all the food and agricultural raw materials the whole nation requires. The most efficient use of agricultural machinery required large sized farms hence small farms were consolidated into the larger mechanized farms. The small farmers who sold or lost their farms in this process migrated to the cities where economic opportunities appeared to be brighter.

The rural areas have also felt the effects of other technological advances besides those in agriculture. They have been affected by the railroad and automobile the telephone and radio the moving picture and electricity and electrical appliances of every description. The farmers schools have followed developments elsewhere and practically all major innovations have affected to some degree the way of life in rural areas.

The net effect of the impact of this great variety of technological innovations upon rural life has been to break down barriers between rural and city life. The best elements of the culture are available to all groups in society because modern communication brings them to all parts of the country. The rural dwellers hear the same language they see the same moving pictures they hear the same music they read the same newspapers, they are taught the same basic facts in their schools in effect they are subject to the same influences that play upon the city dwellers. All this does not imply that there are no differences between city and rural life differences still exist but they are less important today than they were in the past.

Technology has also played havoc with the economic condition of the rural areas. The general country store is faced with mail order competition and the competition of the chain stores whose products are made available to rural dwellers by means of good hard roads and the automobile. Cheap and efficient transport has also brought world competition to the farmer's door. As a result he is closely affected by conditions all over the world. In recent years the American farmer has found that these world conditions have worked largely to his detriment. The attempts of the government to alleviate farm suffering may thus be shown to stem in part at least from the dislocations caused by technological change.

**Invention and Urban Life** The modern city is in large measure the product of technology. Technology made it possible for a smaller proportion of the population on the farms to feed the total population, thereby releasing the surplus to the cities. Technology made possible the development of factories and industries which provided a means of livelihood to the city dwellers. Transportation and communication inventions made possible the interchange of products between the city and the farm and among all sections of the country, thereby permitting a higher degree of specialization and division of labor with resultant increases in production. Technology made possible the great concentration of people in small areas by providing easy movement between home and work. It provided a healthful and plentiful supply of water. It provided electricity and gas for lighting, heating, and cooking. It provided sanitation. In fact, it provided all of the physical necessities of city life.

Before the advent of steam and electric power, industries and with them the towns grew up and developed along the 'fall line' where there was a sharp drop in the level of the water in rivers or streams which permitted the harnessing of water power. The early industrial towns of England were located along streams and rivers where the water power was available. The same was true of the towns in New England where manufacturing first developed in this country. A glance at a map of the South Atlantic states shows clearly a large number of towns and cities at the fall line, where the rivers originating in the Allegheny Mountains fall fast enough to generate water power.

When steam and electrical power were introduced, they freed industry from the river locations, and industry was able to move to more favorable economic locations, either closer to the source of raw materials or closer to the consuming market. If modern technology were to devise a means of transporting electrical energy over long distances without serious loss of energy, there may occur a new relocation of industry away from the source of power and into the rural and village areas where an abundant supply of cheap labor is available. This might cause a movement of population away from the cities and might relieve the congestion and might solve some of the problems of city life.

Other factors, of course, have also been important in the

development of cities, but the importance of technology cannot be overestimated. It follows then that since technology has aided in making city life possible, it should share the responsibility for the evils and problems that have arisen in our cities. It may be blamed in part for our slums, filth, crime, disease, insanity, unemployment, starvation, and so on. All of these seem to be widespread in our large cities, and the economic problems which face us are largely found in capitalistic industrial societies which have been made possible by technology.

Technology by itself is a neutral factor, however. It cannot be blamed for the problems and evils mentioned above. The blame for these evils rests rather in man's inability or lack of desire to use technology and its benevolent effects in such ways as to bring out its maximum benefits and hold to a minimum its undesirable consequences. The machine is subject to man's guidance and direction, and if hardship and privation result from the use of machines, it is because of man's failings, and not the machines. Those who feel the effects of machinery and technology are apt to blame them for their difficulties, because they see them taking their place in the factory. This explains the wrecking of machinery and the demand that a moratorium be placed on invention. It seems reasonable, however, to continue to use technology wherever it can benefit mankind by easing its physical burdens. It should be up to society to see to it that the individuals in it will share equitably in the benefits to be derived from such continued use.

**Invention and the Family** The character of the family has changed greatly as a result of the impact of technological change. We no longer see the father as the absolute head of a large family of ten or twelve. The average family of today has less than four people. The factors responsible for this are contraceptives, which permit the control of the size of the family, economic pressure, and the desire on the part of the married couple to have a small family. The cumulative effect of these factors has been a marked decline in the rate of growth of our population, with serious implications for the future of the economic system.

Instead of marrying at the age of sixteen to eighteen, as was customary in early America, the average couple waits until the middle twenties for marriage, because the complexity of modern

science and industry requires a long training period before the individual is able to assume the economic burdens of marriage

The burden of housework has been greatly reduced by modern science and technology. The modern kitchen is a marvel to behold. With smaller families to rear, with smaller homes and apartments to keep in order, and with less exhausting work required because of her mechanical aids, the modern housewife finds time to join clubs and play bridge, oftentimes to the detriment of family stability. She finds time to engage in political activities, with consequent effects on the national political scene. She finds time to read and to listen to radio education and entertainment, thereby deriving advantages denied her mother and grandmother.

In former decades the family was the center of education and recreation, but it is losing its hold. Modern city life and technology provide large public schools for education. Technology has also provided recreation outside the home. Every ten days the entire population (in number) goes to see a movie. The automobile takes the youngsters away from home for other types of recreation, and for courting purposes, thereby displacing the little used parlor of a generation ago. However, while technology has weakened the position of the home as a recreational center, it has also increased its strength in this connection in recent years. The radio keeps the family at home more and more, and if domestic television becomes economically available, the home is likely to improve further as the center of family recreation.

Of outstanding importance on family life has been the economic liberation of women, made possible by technology and by appropriate changes in attitudes, customs, and mores. Technology has made it possible to produce the needed goods of society with fewer and fewer workers, but the size of modern industry and the complexity of modern business and commerce require a large number of people in clerical and office occupations. These positions, plus mechanical inventions such as the typewriter and the adding machine, which seem to fit women better than men, have provided an opportunity for women to enter business and to earn their own livelihood. As prejudice disappears, women enter more and more jobs, until today they are to be found in almost every type of vocation except those which are

extremely dangerous or which require physical stamina. The shortage of male workers and the payment of good war wages have attracted women into many jobs hitherto reserved to men. Few occupations are now closed to them.

The implications of these changes on the family are numerous and important. Marriage is easier to terminate if the wife has a profession to which she can turn for self support if the marriage does not work out well. On the other hand, young people are able to marry sooner if both husband and wife are working, and many marriages have been started on this basis. The weakness of this arrangement, insofar as the family is concerned, is that once the family adjusts itself to a scale of living made possible by two incomes, it may not be willing to sacrifice one of the incomes and take on the added economic burden of rearing children. This situation undoubtedly explains why so many marriages today are childless. Some people are prone to blame technology for this situation, but again the ultimate decision as to what will be done lies with the individual.

Taking a general view of the family, we find that it has gradually lost more and more of its earlier functions. Its original dominance as the economic producing unit has been almost completely lost to the production that now takes place in the factory. If the trend continues in the future, the family may become primarily the unit for procreation and personality development of the children, but these happen to be important family functions, so that despite the inroads made by technological advances, the family is likely to remain as a basic unit of the social order.

**Invention and Government** The National Resources Committee in its report on *Technological Trends and National Policy* points out that inventions have impinged upon government in a variety of ways. In some industries the nature of invention was to encourage monopolistic corporations dealing in services which catered to large numbers of consumers. Hence governments took on regulatory functions as in the case of public utilities. Taxation measures shifted from general property and excises on consumption goods to taxes on personal and corporate incomes and on inheritances. In many other ways government was forced to extend its functions as in the case of interstate

commerce under which the Federal government now exercises extensive powers over trade<sup>1</sup> As technology expanded the area of profitable trade local and state agencies were unable to keep up in their regulatory activities so that the inevitable trend has been toward the concentration of regulatory functions in the Federal government

The world wide war which we are now engaged in emphasizes strongly the importance of technology to national existence All energies seem to be directed to making our machine economy increase greatly the production of war materials Modern war fare with its demands upon both the armies at the front and the population at home, with the necessary organization by the state of all industrial and agricultural production and the rationing of every necessity of life, brought about such a comprehensive organization and such an enormous concentration of power in the state that the way was thus prepared for the dictatorship of the totalitarian state The totalitarian state too has grown up on the foundations of modern technology, which created the means for mass propaganda of all sorts

Radio has had an important influence on government, and if television is perfected the combination is certain to have much greater influence The conduct of political campaigns the kinds of campaign speeches and the type of candidate have been altered as a result of the radio A good radio voice seems to be a necessity for success in politics today Radio and other means of communication have led to serious problems which may eventually lead to radical changes in our government In most other countries the means of mass communication are run by the government, which controls strictly the information made available to the public

In this country these agencies normally are not subject to government censorship, but the war has required the imposition of rather strict military censorship This raises fundamental questions of national policy What ideas whose ideas, shall be mass communicated? Who shall ultimately control radio television and other agencies? To control the doors to people's

<sup>1</sup> National Resources Committee *Technological Trends and National Policy* Government Printing Office Washington 1937 pp 9-10

<sup>2</sup> Emil Lederer *Technology Encyclopedia of the Social Sciences* p 559



minds even of the child in the home is to have considerable power to control their minds. Whatever body wields such power might conceivably be able in time to undermine all opposition to its power. The question is evidently raised whether the control should be in the hands of private capital presumably under government supervision, or under direct government management and control.<sup>1</sup>

**Invention and the Economic System** Ware and Means point out<sup>2</sup> that technology has been a driving force determining the shape of modern industry. The development of technology has required large industrial units and business organizations for the small shop of the old economy obviously could not use the modern techniques for making steel or automobiles or for providing telephone or railroad service. These new techniques call for many people working together each doing only a small part of the whole process. This development has brought economic relationships out of the realm of automatic impersonal adjustments and into the realm of personal administrative decisions. Here lies the central contrast between the old economy and the new. Here lies the crux of the problem of how to make a modern economy work.<sup>3</sup>

This loss of personal contact between the employer and the employee and the concentration of economic power in the hands of management has led to many of our major economic problems which has given rise to many social inventions designed to offset the uneven economic powers and to correct the problems. Labor unions the strike the boycott workmen's compensation unemployment insurance and other similar developments have come into being as a result of the effects of technological change.

The general problem of social security which has become so important in recent years can be related to a number of inventions. The insecurity of so many of our aged can be traced to inventions which made possible a smaller proportion of children in the total population to urban factories and farm machinery which increased the population of cities to transportation inven-

<sup>1</sup> National Resources Committee *Technological Trends and National Policy* p. 33

<sup>2</sup> Caroline F. Ware and Gardiner C. Means *The Modern Economy: A Study in Economic Change* Harcourt Brace and Company, Inc. New York 1936 p. 11

tions which make it easier for young sons and daughters to leave their parents and to machines for the tending of which employers prefer young people to old ones

The problem of technological unemployment which will be discussed in more detail in the chapters dealing with labor problems has been especially serious in recent years and workers tend to oppose the introduction of new machines which will tend to cause further displacement of workers. Technological unemployment plus the unemployment which is so widespread during depressions which seem to last longer and occur more frequently in technologically advanced economies, constitute the most serious challenge to the economic system in which private capital predominates

The insecurity of the sick results in part from the high cost of medical service, traceable to the development of science in medicine which gives rise to expensive specialists and to the costly medical equipment which the modern doctor must have to make use of the latest developments in his field. The high cost of such equipment requires that doctors charge high prices to pay interest on their investments. The modern problem of workmen's compensation can be traced directly to whirling steel which greatly multiplied occupational hazards<sup>1</sup>

Modern technology and chemistry constitute a threat to the economic well being of entire nations, especially those which depend for their livelihood on the export of basic raw materials. The development of the nylon thread by Du Pont offers a serious threat to the silk industry of Japan, silk being one of her most important export products. Rayon constitutes a threat to the cotton industry, the industry in which the Industrial Revolution had its start. The perfection of artificial rubber offers a threat to the countries producing natural rubber. Many other synthetic products the discovery of which is materially aided in time of war may at any moment destroy the economic security of large producing areas somewhere in the world.

Enough has been said to show that the effects of technological change may be felt in every sphere of human activity. Some times the effects are immediate and direct sometimes they are remote and indirect. A single important invention such as the

<sup>1</sup> National Resources Committee *Technologic Trends and National Policy* p 8

radio may directly influence many social institutions and may give rise to other social and mechanical inventions. More frequently, we find a series of inventions impinging upon a social situation and the influence of the group of inventions is enough to cause great social change. It may be well to repeat again, however, that in the main the consequences of these changes might be subject to human control if enough were known about them. The solution seems to be not in destroying invention but in making it more amenable to human control.

### SOME PROBLEMS OF TECHNOLOGY

#### **Lags and Maladjustments in the Exploitation of Invention**

In view of the widespread effects of technological innovations it is natural to expect opposition to their introduction especially from those who will be adversely affected. The natural conservatism of organized groups has been an important factor in delaying the introduction of invention. Moreover there are certain aspects of the process of invention which lead to delay.

The most important cultural factors that resist technological change are economic. Those who occupy favorable trading positions naturally strenuously oppose the introduction of inventions that might threaten their position. This seems to account for much of the purchase and suppression of inventions by large industries. The sheer cost of introducing some of the innovations is prohibitive while the loss incurred by the scrapping of machinery that is not physically worn out is more than most industries can afford. The cost of converting the Ford plant from the production of the Model T to the Model A is said to have been around 100 million dollars.

Laboring groups, which are the first to feel the direct impact of technological change in the form of the destruction of their skills and the loss of their jobs, have always resisted innovation. In earlier days they destroyed the machinery; today they demand that the changes be introduced gradually with a minimum of dislocations and that they share in the benefits to be derived in the form of higher wages and fewer hours of work.

Certain political factors also cause delay. The slowness of the patenting process in which care must be taken to see that dupli-

patents are not issued is well known. Judicial decisions have in some cases to suppress inventions or to postpone for a time their introduction. The system of issuing perpetual leases to public utility industries leads to the establishment of monopolies so that it is sometimes virtually impossible to force competition. Recent studies of electric utilities and railroad operations have disclosed the current use of equipment that has become technologically obsolete for years. The general public suffers from this in poor service and high prices. Higher prices have to be paid for a time at least if the public were to bear the high cost of obsolescence. This is illustrated by the leasing in 1894 of a 10 000 horsepower steam engine to run the New York subways. Physically, the engine could have lasted many years, but within three years after its completion it was reduced to the value of scrap iron by the perfection of the turbine engine. The same work could be done with an engine one tenth the size of the original and using far less coal.<sup>1</sup>

There are many delays between the securing of a patent and the perfection of the machine to a point where its use will be so widespread as to be of consequence. There are many technical problems of production which require years of work before large scale production is possible. It may be impossible to find a market to finance the exploitation of the product. A competing product may get to the market earlier or it may take a long evolutionary process before the public can be sold on the new product. These and other causes of delay in the exploitation of inventions account for the fact that on the average it takes thirty three years for an invention to go from the patent office to a point where it will exert an important influence on life.

**Stimulation of Invention** Despite the current demand that invention be discouraged or completely halted, invention has been stimulated in the past and is being stimulated.

One of the finest encouragements is the granting of property to the inventor by patent or other exclusive privilege so that he may exploit his invention and make some money out of it. Before the days of patent laws, it was agreed by rulers that inventors should be rewarded by some gift from the state or

from some organization set up to encourage invention. Kings and parliaments protected inventors by the granting of monopoly rights or gave rewards of cash and such bodies as the Society for the Encouragement of Arts, Manufactures and Commerce established in London in 1756 offered premiums, medals, and prizes.<sup>1</sup>

Even in early America despite the dislike of monopoly privilege against which the colonists had rebelled it was recognized that invention must be encouraged and promoted. As a result one of the provisions of the Constitution established the patent system. To promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries. Under this patent system American ingenuity has resulted in a multitude of inventions and today the Patent Office grants about 50 000 patents every year.

Colleges and universities and research foundations provide the facilities and the money for research activities which result in many discoveries yearly. Our most important research appears to take place in our large industrial concerns which spend millions annually to sustain their research laboratories. Between 1927 and 1938 the number of organizations reporting research laboratories had grown from about 900 to more than 1700 providing employment for about 50 000 workers.<sup>2</sup> With tremendous sums of money invested in their plants it is almost a necessity for these organizations to conduct research which will enable them to retain their positions of dominance in their respective fields.

There are of course many individuals who would conduct research without the prospect of monetary reward. Since research costs money it might be advisable to subsidize those who are unable to support themselves in their research activities. There is another reason why the subsidization of research can be justified. There may be many individuals working independently on the same general invention but the one who finds the solution first or gets to the patent office fastest is the one who

<sup>1</sup> Herbert Heaton. Industrial Revolution. *Encyclopedia of the Social Sciences* VIII p. 6.

<sup>2</sup> Work Projects Administration. National Research Project. *Industrial Research and Changing Technology*. Philadelphia Jan. 1940 p. 40.

gets all the credit and financial rewards while the others whose activities may have aided the successful inventor, have no claim to the rewards

**Predicting New Inventions** In view of the widespread changes and dislocations brought about by technological change it would seem that the necessary adjustments to these changes could be made with less serious repercussions than at present if there were some means of predicting these inventions and analyzing their probable influence on various segments of the social system. It was with this general purpose in mind that the National Resources Committee selected the Subcommittee on Technology. The report of this committee is the volume entitled *Technological Trends and National Policy*.

Despite the knowledge that inventions have causes, there is as yet no scientific method of predicting inventions nevertheless much can be done in this connection once the trend of invention is ascertained. Even after an important invention has been perfected there is usually sufficient time to analyze its probable effects on society (which is the chief purpose in predicting inventions) because it takes many years for such an invention to become commercially successful.<sup>1</sup>

The second basic reason why inventions can be predicted is that they have causes. They are not just accidents, nor the inscrutable products of sporadic genius but have abundant and clear causes in prior scientific and technological development, and they have social causes and retarding factors both new and constant of changed needs and opportunities growth of technical education of buying power of capital, patent and commercial systems, corporation laboratories and what not.<sup>2</sup>

Although need by itself will not result in invention it often happens that the need of a solution to a particular problem results in the concentration of research activity on that problem and such concentration certainly raises the chances of the needed discovery's taking place. Hence by learning on what problems research activity is being concentrated one may be able to make an intelligent guess as to the probable inventions of the future.

<sup>1</sup> National Resources Committee *Technological Trends and National Policy* p 18. This section is taken largely from Sec II of this volume. The author of Sec II is S. C. Gilfillan who has done much work in this field.

<sup>2</sup> *Ibid* p 19

Because of the rapidity of change in society it is not wise to try to predict too far into the future. It is impossible at any time to anticipate the direction of technological advances thirty or forty years hence nor is our chief concern with the problems of that future date. Our chief concern is with the developments five to twenty years from now. In view of the time element involved in making an invention a commercial success the problem of predicting social change for the immediate future (five to twenty years) resolves itself into trying to discover which of the now known inventions will exert the greatest social influence at the future date. Of the inventions that are now in the early stages of commercialization which will be the most significant and how will they be likely to affect society? That is our problem and the concluding section of this chapter will indicate what the experts in this field have predicted. In the meantime some consideration will be given to the problem of controlling inventions in the best interests of society.

**The Control of Inventions** It is being recognized more and more that some control must be exerted over invention if the best interests of society are to be served. It goes almost without saying that society should derive all possible benefits from its technological discoveries but when the exploitation of these is left in private hands and no restrictions are imposed many serious dislocations occur which by proper control might either be avoided entirely or greatly diminished in intensity. The owner of a patent wants to cash in on it while he can and he is not much concerned with the effect of his activities on the lives and welfare of others.

Many groups and organizations have worked on a cooperative basis for the maximum exploitation of related inventions so that they might benefit and so that society generally might be benefited. The recent hearings before the Temporary National Economic Committee which is investigating the concentration of economic power disclosed the existence of widespread pooling agreements among automobile manufacturers and among rival producers in other industries but the purpose of these pools was not to suppress invention or stifle competition but to make the results of research available to the trade generally.

The apparent perfection of the cotton picking machine by the

Rust brothers carries with it serious implications for the cotton industry as a whole and for southern culture generally. The inventors appreciate these implications. Their machine which can pick in seven and a half hours as much cotton as a good hand picker can pick in five weeks will displace over 75 per cent of the labor population in the southern cotton country if the invention is thrown upon the market in the regular manner. The inventors cognizant of the revolutionary consequences attending their invention are themselves withholding its application, except for its trial use on a cooperative farm in Mississippi and in the Soviet Union where the problem of unemployment does not exist and the introduction of the machine can be regulated.<sup>1</sup>

In laying down a general policy for the control of inventions no restrictions should be placed on the development of invention but some control might well be exercised in determining the manner in which these inventions should be exploited. By a gradual introduction of these innovations, the labor supply can be adjusted with a minimum of hardship and existing capital investments might be liquidated over a period of time without too great loss. It is not the fact of change that is disturbing it is the abruptness of the change that causes the difficulty.

By accurate prediction and sensible control, government may be better able to exercise supervision over the growth of the new industries in such a way as to prevent abuses from becoming widespread. In the past we have waited until the industries have matured and the abuses have become intolerable before government has stepped in to regulate. Such regulation often proves to be very difficult and in the meantime society has had to endure the abuses. By stepping into the fields of radio and television before they have grown into giants, the government has assured a more or less orderly development which will for the most part be in the best interests of society.

**Inventions of Probable Future Importance** The committee which studied technological trends came to the conclusion that the following inventions were likely to be of most social significance in the future: the mechanical cotton picker, air conditioning equipment, plastics, the photoelectric cell, artificial cotton and woolen like fibers made from cellulose, synthetic

<sup>1</sup> National Resources Committee, *Technological Trends and National Policy*, p. 58.



rubber, prefabricated houses television, facsimile transmission the automobile trailer gasoline produced from coal steep flight aircraft planes and tray agriculture <sup>1</sup>

The mechanical cotton picker described in an earlier section promises to release thousands of farm workers What will become of them is a problem that is troubling the South There may be a mass migration of workers from the South or new industries may develop to absorb the labor The reduction in the cost of cotton may stimulate cotton production and may make cotton goods available to more people in the lower economic groups Like wise we may be able to regain our lost foreign markets in cotton

Air conditioning equipment will free man to a large extent from the controlling influence of climate Vacation resorts will likely be adversely affected Production may be possible in any part of the globe and the efficiency of workers should be increased because of the controlled atmosphere

The predictions of the experts regarding plastics have already borne fruit In the face of shortages of strategic war materials and production bottlenecks plastics have found a wide variety of important uses Many consumer articles, the production of which was curtailed because of material shortages are now being made from plastics In many cases they are superior to the original commodities Airplane bodies and automobile bodies may eventually be made of plastics which can be molded into desired shapes much more easily than steel, and at lower cost Plastics began their career as competitors of hard rubber shellac and various gums They now compete with light metals and wood for standard purposes they compete with adhesives for the manufacture of veneers and laminated wood they are found as binders in abrasive wheels they afford waterproofing qualities for surgeons plaster and raincoats

The photoelectric cell, better known as the electric eye promises to relieve the strain in those occupations which require careful examination of materials to detect flaws and defects It has been used in can factories to eject from the assembly line any can that deviates from the standard specifications It has been used to open and close doors and for other purposes doing auto

<sup>1</sup> *Ibid* p x

matically a task which otherwise requires the pressing of a button or the pulling of a switch. The prospects for this invention are vast but at present we are not in a position to predict all the uses to which it will be put.

The artificial cotton and woolenlike fibers which modern chemistry is producing from cellulose and numerous industrial waste products present a threat to the industries producing the raw natural products. There is also competition between wood and cotton to supply the basic material from which the cellulose is derived.

The seizure of the sources of supply of natural rubber by the enemy has given a tremendous impetus to the development and production of synthetic rubber to meet our military and essential civilian needs. The federal government has subsidized the construction of plants whose ultimate output will meet all of our pre war rubber needs. Although higher priced at present than the natural rubber it is superior in many respects to the latter. It is not soluble in petroleum and its products is not so readily oxidized by ozone as is crude rubber and has a smaller particle size which makes it preferable for some work of impregnation. The probable effects of these developments on rubber plantations may be gleaned from the fact that an acre of plant for synthetic *Thiokol* manufacture will produce in two hours 200 tons of a synthetic rubber plastic as compared to the 500 pounds of rubber which an acre of rubber trees will produce in five years.<sup>1</sup>

Prefabricated houses are already on the market and are likely to increase considerably in number when large scale production is introduced on a wider scale. As many as 1300 family units made from prefabricated steel are being erected for the Navy at Quantico and Newport News, Virginia. A ten man crew can put up a two family steel dwelling from floor to roof in an eight hour day. When the present emergency passes, these steel houses can be unbolted, knocked down and stored in warehouses for use in the next housing emergency.<sup>2</sup>

The automobile trailer may not only affect the present housing situation and the development of prefabricated houses but it

<sup>1</sup> National Resources Committee *Technological Trends and National Policy* p. 306

<sup>2</sup> Chicago Sunday Tribune Dec. 29, 1940 Financial Section p. 1

may also change radically the mode of life of millions of Americans. Some writers predict that within thirty years half of the homes of the country will be mobile. The trailer will likely be used more by migratory workers and during vacation periods by many families but because of its limitations at least as now constructed conservative writers do not believe that it will become the permanent normal mode of living for the typical American family. Furthermore any considerable increase of this character would most likely result in the levying of taxes upon trailers adequate to provide for streets roads schools parking spaces fire sanitary police and other municipal services from which taxes this mode of living is now in major part exempt.<sup>1</sup>

Television will likely open up new avenues of development in education entertainment and the communication of information, but it is not expected to cause any important new social change. It will likely supplement the changes created by existing means of communication especially the radio.

Facsimile transmission is another development in communication which may alter considerably present methods of disseminating news. The transmission and reception of facsimile may be adapted to present day radio sets and there are already available facsimile recorders which when connected to the ordinary broadcast receiver and actuated by proper signals will print a newspaper complete with pictures right in the home though probably on a limited scale.

Our industrial economy would be impossible without oil for lubrication. Wars are being won in part on the basis of which side has the largest reserves of oil. Oil and gasoline which are the lifeblood of our mechanical age are used in such tremendous quantities that there may come the day when the supply of crude oil will be exhausted. The conversion of coal into gasoline therefore offers a method of conserving our oil supplies and may ensure the continued existence of a mechanized society.

Steep flight aircraft planes will solve many of the present aviation problems chiefly in connection with the reduction in the area of land needed for aviation and in making the airplane

<sup>1</sup> National Resources Committee *Technological Trends and National Policy* p. 373

<sup>2</sup> *Ibid* p. 229

more flexible. Such craft may serve as taxis to carry people from crowded city areas to outlying areas where the speedy long distance airplanes will be located. The new Philadelphia post office has a roof on which steep flight aircraft are able to land with a load of air mail.

The war has uncovered many new uses for the helicopter and the latest improvements promise to hasten the wide adoption of this extremely flexible means of transportation. In the few years that have elapsed since the experts made their predictions, an existing invention, the airplane, has had revolutionary repercussions on the world. Air power is now the *sine qua non* of military supremacy and the United States has demonstrated its supremacy in this field in startling fashion. Post war transportation, trade, and international relations will be greatly affected by the existence of huge fleets of long distance freight planes which now carry bombs and military supplies and personnel.

The implications of tray agriculture for the future of general agriculture are tremendous. Tray agriculture consists of suspending the roots of food plants in water and putting the needed chemicals and plant nutrients into the water. The plants absorb this nutrition just as they absorb it from the soil in which they are usually planted. The production of food by means of tray agriculture is hundreds of times greater per acre than regular agriculture. By carrying on the production indoors, it is possible to control all aspects of the plant growth. More uniform products, much quicker maturity or ripening, more uniform ripening and all year production are the outstanding advantages of this type of cultivation, aside from the tremendous increase in output per acre.

A dramatic extension of the principle of radio, called radar, has made an important contribution to the Allied cause and will surely find many more uses in the post war period. With this device we can "see" through fog, hitherto an unconquerable foe of safe navigation. Dropping bombs in fog and clouds is no longer a hit or miss proposition; it is deadly accurate.

Whether or not the inventions described above will actually turn out to be the most important in terms of their influence on society of all recent inventions remains to be seen. Some of the

impediments to the exploitation of invention may successfully block the adoption of any or all of these. Substitute inventions may be introduced which will take over the field. Financial difficulties may beset some laws or court decisions may hinder others. Consumers may refuse to accept the new products or any number of other factors or agencies may interrupt the development of these inventions. Nevertheless after taking all these possibilities into consideration it seems safe to predict that these inventions along with some others will exert a great influence on the future development of society and it would be well to study their implications more carefully and to anticipate their effects by appropriate planning perhaps under governmental supervision.

#### TERMS TO BE UNDERSTOOD

diffusion	resistance to social change
institutional lag	social invention
Industrial Revolution	technological invention
patent	technological unemployment

#### QUESTIONS FOR DISCUSSION

- 1 Show how technological inventions may be a cause of social invention a result of social invention
- 2 Discuss the validity of the sayings (a) necessity is the mother of invention (b) invention is the mother of necessity
- 3 How would you explain the slow progress of technological invention during the Middle Ages?
- 4 Show how technology has made your present family life different from that experienced by your parents
- 5 What changes in rural life may be traced to the impact of technological inventions?
- 6 How is it possible to determine which inventions are likely to be of most significance in the future?
- 7 Assume that within the next fifty years many Americans will be living in trailers. What effect might this have on education politics taxation industry?
- 8 Assume that you are the Secretary of Agriculture and it is your task to promote orderly agricultural progress. How would you introduce (a) tray agriculture (b) the mechanical cotton picker?
- 9 What effect might recent inventions in the field of communications have on our form of government?

- 10 Discuss The Americans are a nation of inventors Is it true? If so how do you explain it?
- 11 What are some of the most important prehistoric inventions upon which civilization is based?
- 12 List the number of separate inventions that had to be perfected before we could get the automobile
- 13 Show what inventions have had an effect upon the emancipation of women (such as the tin can and the typewriter)

### FOR FURTHER STUDY

- Brinkman Carl *Invention Encyclopaedia of the Social Sciences* The Macmillan Company New York 1932
- Gilfillan S C *Sociology of Invention* Follett Publishing Company Chicago 1935
- Hammond J L and Barbara Hammond *The Rise of Modern Industry* Harcourt Brace and Company Inc New York, 1937
- Heaton Herbert *Industrial Revolution Encyclopaedia of the Social Sciences* The Macmillan Company New York 1932
- Lederer Emil *Technology Encyclopaedia of the Social Sciences* The Macmillan Company New York 1932
- Mantoux P *Industrial Revolution in the Eighteenth Century* Harcourt Brace and Company Inc New York 1929
- National Resources Committee Report of the Subcommittee on Technology *Technological Trends and National Policy* U S Government Printing Office Washington D C 1937
- Ogburn William *Machines and You* University of Chicago Press Chicago 1934
- President's Research Committee on Social Trends Whittlesey House *Recent Social Trends in the United States* McGraw Hill Book Company Inc New York 1933 Chap III
- Recent Economic Changes in the United States* Report of the Committee on Recent Economic Changes of the President's Conference on Unemployment McGraw Hill Book Company, Inc New York 1929
- Rosen S McKee and Laura Rosen *Technology and Society* The Macmillan Company New York 1941
- Work Projects Administration National Research Project *Reemployment Opportunities and Recent Changes in Industrial Techniques* Philadelphia This is a series of recent studies on technological changes in major American industries

## PART II

### CHAPTER 12

#### EDUCATION AND PROTECTION OF CONSUMERS

##### THE CONSUMER'S PLACE IN OUR ECONOMIC SYSTEM

The consumer's problem in the United States can be better understood if viewed in the light of the salient features of the American economic order. It has been charged that our order has overemphasized the profit motive sometimes to the disadvantage of the consuming masses. As a result we are frequently urged to build our production upon a 'use rather than a profit' basis. As Americans we have subscribed to the virtues of competition. The right of private property has long been sanctified in our laws. We have advocated the principle of

No government competition with business and we have glorified American individualism in our economic and social philosophy.

The American economic system has many merits. It has achieved a remarkable organization of mass production in part through the utilization of scientific research, modern technology and modern scientific management. We have had inventive genius, individual opportunity and our self-made men. Under the present economic system the United States has become the greatest industrial nation of the world.

However, in looking at the other side of the ledger sheet we find some limitations. There has been great waste of human and material resources due in large part to excessive greed generated by the profit motive. We have had monopoly control in certain industries and consumers have been exploited. As Americans we are confronted with some serious paradoxes: overproduction and underconsumption, scarcity amidst abundance. For years we have concentrated upon the problem of increasing production so that consumer wants could be satisfied. But when we hear

talk of overproduction of resort to restriction of output in order to raise prices and when we find the hopes for an abundant life thwarted by economic practices designed to result in scarcity, we are inclined to ask What is the real objective of any economic system? Is it not the satisfaction of as many human wants as possible? Is not consumption the end of economic activity? Has the present system functioned successfully to meet the needs of the consuming millions?

The problem of the consumer has become increasingly complicated In pioneer days man made things primarily for his own use He produced his own food clothing and other basic necessities of life As new wants developed the consumer tended to depend upon other persons for their satisfaction At first barter was widely used to be superseded by a money system of exchange

During the handicraft era, the producer was principally concerned with the consumer's wants Production was mainly for home use or for local markets The relationship between producer and consumer was on a personal and direct basis With the coming of modern industrialization the picture was greatly changed Large scale production for a world market has brought specialization with increasing interdependence The connection between production and consumption has become more indirect and impersonal As a result of this change the buyer's control over quality and price has diminished thus making his task more confusing and difficult

### OBSTACLES TO CONSUMER WELFARE

The position of the consumer is at best a difficult one He is confronted with an ever increasing list of commodities from which to choose Like Alice in Wonderland the consumer says

I can't believe that

Can't you? the Queen (modern salesmanship) asked in a pitying tone Try again draw a large breath and shut your eyes <sup>1</sup>

In this country we have long cherished the idea that all we need in the economic process is free and unrestricted competition

<sup>1</sup>Stuart Chase and F J Schlink *Your Money's Worth* The Macmillan Company New York 1931 p 1



Instead of serving the consumer however, unrestricted competition may actually result in waste and duplication, which in turn increases the cost of the goods or services to the consumer. An example of wasteful competition is the distribution of milk to our homes. Five or six different milk companies may deliver their products to the homes on our street when one company could do the work more cheaply and efficiently.

Consumers must however also be mindful of the opposite namely monopoly control. Sometimes the logical outcome of competition is no competition or some form of monopoly control. Public utilities constitute natural monopolies and if it were not for public regulation the results to the consumer might be serious. Consider as an example here the great American Telephone and Telegraph Company probably the most complete monopoly in the United States today. Other examples of near monopoly conditions are the building materials, aluminum, and farm implement industries.

Another factor definitely related to consumer welfare is purchasing power. A standard of living based upon one's accustomed use or enjoyment of necessities, comforts, and luxuries, is dependent upon income or purchasing power. Even in times of prosperity a large number of our people live below a standard of comfort. In 1929 a year marking the peak of national prosperity nearly 6 000 000 families or more than 21 per cent of the total had incomes of less than \$1000. About 12 000 000 families or more than 42 per cent had incomes of less than \$1500.<sup>1</sup> A report on the national income of 1935-1936 by the National Resources Committee divides the population into three classes according to incomes.<sup>2</sup>

- 1 The top third income group averaged \$2959.00
- 2 The second third income group averaged \$1076.00
- 3 The lowest third income group averaged \$471.00

Another task which confronts the consumer is that of making a wise selection from a large variety of goods.

<sup>1</sup> Maurice Leven, Harold G. Moulton, and Clark Warburton, *America's Capacity to Consume*, The Brookings Institution, Washington, D. C. 1934, p. 55.

<sup>2</sup> Joseph Gaer, *Consumers All*, Harcourt, Brace and Company, New York, 1940, p. 53. Figures based on National Resources Committee, *Consumer Incomes in the United States, 1935-36*, U. S. Government Printing Office, Washington, D. C. 1939.

He stands there confronted with vastly more choices than any previous generation of consumers had to make. There are 350 000 possible choices in a store like Macy's and in a single city the size of Milwaukee the consumer must choose from among some 250 kinds of toothbrushes, 100 kinds of washing machines, 160 kinds of fountain pens, 50 kinds of motor oil, and so on through the long list of things he must buy. In this age of advanced fabrication he has lost the old thumb and finger familiarities with silk, calico, and flour which his grandfather had. The rival makes of vacuum cleaners and electric washing machines are harder to appraise than were the brooms and the washboards of two generations ago. Synthetic materials like rayon and slick processes like the artificial weighting of silk with tin are less readily judged than were the silks of an earlier day. Science has discovered hosts of new and perplexing necessities for health and welfare — vitamins, intestinal flours, ultra violet lamps and posture furniture and educational playthings for the children.<sup>1</sup>

High pressure advertising confronts the consumer at many points. It is not our purpose here to analyze the detailed aspects of advertising. The least that can be said is that advertising is sometimes guilty of gross exaggeration. Frequently it represents a mere manipulation of words. A good example of this is the advertising of cigarettes by such phrases as 'never get on your nerves,' 'are kind to your throat' and 'not a cough in a car load.' Too much advertising is irrelevant to the consumer's appraisal of a product. Instead of giving useful, factual information the advertisers generally rely on the theory, 'Repetition is Reputation.' The use of testimonials for advertising purposes may well be questioned. Famous Names Incorporated, with branches in New York and Hollywood will for a price get a testimonial from some well known personage praising the merits of any product from soap to horseradish. The fee for the exclusive use of the celebrity's name is between \$150 and \$2500 depending on the star's popularity and the length of time exclusive use of the name is desired.<sup>2</sup>

High pressure salesmanship coupled with installment buying or 'easy payments' have encouraged people to buy beyond their means. Buying on credit naturally adds to the cost of the goods to the consumer whereas 'cash and carry' enables the buyer to purchase more economically.

Another handicap under which the consumer suffers is the

<sup>1</sup> R. S. Lynd, 'The Consumer Becomes a Problem', *The Annals of the American Academy of Political and Social Science*, pp. 5-6, May 1934.

<sup>2</sup> Stuart Chase and F. J. Schlink, *op cit*, pp. 24-25.

lack of honest reliable and specific information concerning consumer goods and services. Even salespeople are not too well informed about the exact nature of the products they sell. Some people buy merely in terms of advertised brands or according to certain price levels, paying but little attention to the intrinsic merits of the products concerned. The average worker or salaried person is more concerned with money wages than with real wages. The latter, namely wages translated into terms of the purchasing power of money, is really more significant than money wages because it represents what the money will actually buy in goods and services.

A further disadvantage of consumers as a group is their lack of organization. Producers such as the steel industry, the oil industry, the automobile industry, the patent medicine industry, and many others as a rule are very alert to their interests and maintain effective organizations. Trade associations are formed and often maintain lobbies for the enhancement of their interests. Consumers for the most part have suffered in comparison because of the lack of adequate organization and effective representation.

It is interesting to note that when the power of Leon Henderson, director of the OPA, was on the wane, the Cooperative League of the United States sponsored a conference of various consumer groups to bolster up the rationing program. The result was the formation of a new Consumer Clearing House in Washington, D. C., meeting every two weeks with Caroline Ware of the American Association of University Women as secretary.

The organization of this newly formed consumer lobby was kept informal. Many groups were represented such as the American Association of University Women, the American Federation of Labor, the Home Economics Association, United Automobile Workers, the Federal Churches of Christ in America, National Conference of Jewish Women, League of Women Shoppers, Consumers Union, Farmers Union, the Congress of Women's Auxiliaries of the C. I. O., Parent Teacher Association, Catholic Groups and Cooperatives.

The purpose of the organization was to pool the resources and power of the many groups concerned with the protection of consumers' interests in wartime. Ideas were exchanged, letters

sent to Congressmen and legislation was to be watched carefully. Grade-labeling, the lowering of milk prices, distribution of free milk, rationing and standardization were the subjects of consideration by the groups represented. The interest of the participants isn't uniform; it ranges from curiosity to crusading. But whatever the level of interest, this marks the first time that all major consumer groups have lived under one roof.<sup>1</sup>

It is also quite significant that the CIO group has set up a Cost of Living Committee to study ways and means of keeping down prices of consumer goods and services. Mr. Donald Montgomery, formerly of the Consumer Counsel Division of the United States Department of Agriculture, was selected to head the committee. Mr. Montgomery knows the Washington scene very well from his long experience with this important governmental agency. He is one of the most active leaders of the consumer lobby. Labor is beginning to realize that getting higher wages is not enough. The high cost of living and inflation must be combated if labor is to make any substantial gains in its economic status. It is a most hopeful sign when consumer groups get together to work for their common objectives. It is within the power of consumers to have the most formidable lobby in the American Congress.

Taxation is also definitely connected with consumer welfare. In the past many of our states have placed much dependence upon general property taxes. The recent depression, however, witnessed a general breakdown of this system of taxation and saw the widespread extension of the sales tax with its consequent burdens upon the people of small means. In 1940 the general sales tax was in effect in twenty-two states, with four states having a selective or modified form. The rates usually run from 1 to 3 per cent of gross sales. New York City and several smaller cities also have municipal sales taxes. In this same year (1940) the sales taxes (general and selective) including taxes on gasoline, liquor, and tobacco amounted to \$1647 million, and made up 40 per cent of the total tax receipts in the states, or \$150 million more than in 1939.<sup>2</sup> In addition there must be considered

<sup>1</sup> Consumers Front. *Business Week*, May 1, 1943, p. 76.

<sup>2</sup> *Tax Administrators News*, Sept. 1940, March 1941, a publication of the Federation of Tax Administrators, 1313 E. 60th St., Chicago.

the federal taxes on many products recently imposed in connection with defense financing<sup>1</sup>

### THE RISE OF THE CONSUMER MOVEMENT

Consumers as a whole have been slow to organize. In times of prosperity we are likely to pay but little attention to the need for consumer organization. There is the tendency for us to shape our enjoyment of goods and services to keep up with the Joneses. Workers are more concerned with the size of the pay check than with the problem of what the money will buy. When depression comes people are forced to become more consumer conscious. There is then a stronger realization on our part that consumption is a vital process in everyday life. Much more attention is paid to price, quality and consumer choices. Family budgeting is resorted to on a much wider basis to stretch the purchasing power of the dollar. As consumers, we tend to become bargain hunters to an increasing extent.

The publication by Stuart Chase and F. J. Schlink of *Your Money's Worth* in 1927 tended to focus attention upon consumer problems. Professor Robert S. Lynd of Columbia University calls this book the *Uncle Tom's Cabin* of the consumer movement. Following the widespread public interest in the subject Messrs. Chase and Schlink opened up a consumer question service. In 1929 Consumers Research Inc. was organized to provide consumer information to subscribing members. Within a short time the membership grew to 5000.

In 1933 there appeared *100 000 000 Guinea Pigs*<sup>2</sup> which exposed the inadequacies of the Pure Food and Drug Act of 1906. In 1935 a rival consumer information service was set up, Consumers Union. By 1939 it was estimated that Consumers Union had a membership of 75 000 while Consumers Research had 60 000. This indicates the increasing interest on the part of consumers for reliable information on goods and services. *Consumers Research* and *Consumers Union* have been and are the dynamos

<sup>1</sup> See Chap. 23 on Public Revenue and Taxation.

<sup>2</sup> F. J. Schlink and Arthur Kallet, *100 000 000 Guinea Pigs*, The Vanguard Press, New York, 1933.

of the consumer movement <sup>1</sup> *Consumers Research* and *Consumers Union* have in truth not only supplied the motive power for the entire consumer movement but they have written its philosophy and set its course of action' <sup>2</sup>

Businessmen can no longer afford to laugh off this movement. It is no longer limited to a few women's clubs and sewing circles here and there. The businessman has thus been forced to examine the basic causes for consumer dissatisfaction. In general the consumer claims that the manufacturer does not make what the consumer wants. Instead he makes goods and then makes the consumer want them.

Specifically, the consumer wants grading of the products offered for sale, reports based upon performance tests, and the data of the United States Bureau of Standards made available to him. The consumer feels that it is unnecessary to create demand because demand already exists. The philosophy of the consumer movement is centered around two things: (1) a resentment against advertising because it deceives the buyer; (2) a desire for lower prices and more facts <sup>3</sup>

The above is the form which the consumer movement has taken in the United States. On the other hand, in Europe the cooperative movement is the consumer movement.

In Finland cooperatives do 25 per cent of the country's retail business; in England and Denmark about 15 per cent; in Sweden 10 per cent. In the United States co-ops do about 1.5 per cent of the total retail business <sup>4</sup>

**Consumer Education** Until recently little has been done to educate the American consumer. As a people we have been too individualistic; have emphasized production as against consumption; have placed faith in free competition, and have relied upon advertising. As consumers we have had a blind faith that somehow our economic system through its channels of production and distribution would serve us adequately as a matter of course.

In our schools education for intelligent buying has been a neglected field. It is true that we are all consumers irrespective

<sup>1</sup> Business Week Reports to Executives on the Consumer Movement (Number 16 of a series of special reports on current business opportunities, problems and trends of outstanding significance. Made for executives by the editorial staff of Business Week) *Business Week* p. 41 April 22, 1939.

<sup>2</sup> *Ibid* p. 42

<sup>3</sup> *Ibid* p. 43

<sup>4</sup> *Ibid*

of the particular occupations we follow, and yet little has been done to educate boys and girls to become intelligent consumers. Social science courses in particular have passed up a real opportunity in failing to give proper attention to this field. In the average economics text for example little will be found on practical consumer problems. Because of their significance to citizens as consumers such subjects as advertising governmental services to consumers, consumer cooperatives, home ownership, life insurance, and many others could be studied with profit to the student. Instruction in the operation of consumer cooperatives is compulsory in the Wisconsin schools. Pennsylvania schools have a consumer education program under the direction of the State Superintendent of Public Instruction.

An influential group is the American Home Economics Association, a national organization of teachers interested in consumer education, which was organized in 1909 and now has 12,000 members. One of its major goals is the study of textile standards. It publishes the *Journal of the Home Economics Association*.

An Institute for Consumer Education has been established at Stephens College, Columbia, Missouri, as a result of a grant by the Alfred P. Sloan Foundation. The plan calls for the study of consumer buying, testing, and other subjects of interest to consumers. An annual conference is held on consumer problems.

**Women's Organizations** Women have been concerned with consumer problems inasmuch as they do 85 per cent to 90 per cent of the nation's retail buying. The largest women's organization in the country is the General Federation of Women's Clubs, with 2,000,000 members, in which a Division of Consumer Information has been established.

There are many other women's organizations promoting consumer education, such as the National League of Women Voters, the American Association of University Women, the National Federation of Business and Professional Women, the National Woman's Trade Union League, the Parent Teacher Association, and others.

**Business** Businessmen have but recently made any serious attempt to provide the consumer with exact information about the goods they were selling. A number of the large stores have

their own bureaus of standards for the testing of their products Lamp manufacturers have used the IES (Illuminating Engineers Society) specifications for their product A large grocery chain has voluntarily graded its canned goods with the threefold classification fancy choice standard The American Medical and Dental Associations have used seals of approval or acceptance for consumers The former has rendered a public service in its campaign against dangerous drugs and quackery Some of these activities have had a limited value but they do point to the fact that the business world will have to pay more attention to real consumer grievances if it is to prosper

An example of an attempt on the part of business to seek consumer confidence is the Good Housekeeping Institute Its seal of approval has been found on many articles of daily use The Federal Trade Commission issued a complaint against Hearst Magazines, Inc. charging that one of its publications *Good Housekeeping*, makes false claims and misleading guarantees concerning products advertised in its pages The complaint charged that *Good Housekeeping* operated a shopping service advertised as being a free service for the convenience of its readers Actually the magazine received substantial commissions from the seller on all merchandise sold amounting to 5 per cent or more of the purchase price This service has since been discontinued The Good Housekeeping Institute the Good Housekeeping Bureau and their seals of approval also were criticized by the Commission on the ground that 'approved' articles had not been tested and approved by any scientific laboratory The complaint further cited that in the case of some fifteen products false advertising was used<sup>1</sup>

In general some of the seals and certifications of consumer goods by business and professional groups may have some value in establishing minimum standards for the consumer However some of those certifications are mainly selling devices

Consumers are tending to lose faith in those numerous seals of approval and certification agencies The use of official grades and standards on a wide basis would be far more beneficial to consumers generally

<sup>1</sup> As reported by the *Chicago Daily News* August 21 1939

Helen L. Sorenson *The Consumer Movement* Harper & Brothers New York 1941 p. 55



The Better Business Bureau is one of the most active and useful of the agencies organized by business groups for the protection of the consumers. This is a national organization with offices in the principal cities of the United States sponsored by reputable businessmen in the community to discourage unfair business practices. Advertising in local newspapers is watched carefully. Professional shoppers are sent out to check on the advertisements. When discovered businessmen using unfair methods are threatened with exposure unless they change their tactics. The slogans of the Better Business Bureau are "Public confidence counts most" and "Before you invest investigate."

**Testing Agencies** The two outstanding examples of consumers agencies performing testing services are *Consumers' Research* and *Consumers Union Reports* previously mentioned. The purposes of *Consumers Union Reports*, as stated in its charter, are

to obtain and provide for consumers information and counsel on consumer goods and services      to give information and assistance on all matters relating to the expenditure of earnings and the family income      to initiate and to cooperate with individuals and group efforts seeking to create and maintain decent living standards <sup>1</sup>

This organization issues a monthly publication and an annual *Buying Guide*. It maintains laboratories and employs technicians to make scientific analyses of many products. The information passed on to subscribing members includes recommendations as to specific products which are classified into 'Best Buys,' 'Acceptable' and 'Not Acceptable.'

An interesting feature of *Consumers Union Reports* is the comment made upon the labor conditions in the specific industry under consideration. Two products may be an equally good buy at a given price but in the one case the labor conditions are not desirable, so the consumer may decide to purchase where the health, sanitary and labor conditions are more salutary.

Consumers Research is a similar type of organization performing much the same kind of service for its members on a fee basis through its publication *Consumers' Research*. Established in 1929 it was the first independent testing service made available to subscribing members.

<sup>1</sup>*Consumers Union Reports* p. 1 April 1941

*Labor* Labor organizations have been of value to consumers in calling attention to the union label. A constant campaign of education is carried on by unions to impress the public with the advisability of buying union made goods produced under fair labor conditions. Attention is called to specific industries where sweatshop conditions, child labor, low pay, and undesirable working conditions prevail. This no doubt has had some effect in improving conditions not only for the workers and their families but also for the general public.

**The Government** An increasing amount of factual material bearing upon consumer problems is available through various governmental agencies and their publications. An interesting and valuable source of information is *Consumers Guide* published by the Consumers Counsel Division of the United States Department of Agriculture.<sup>1</sup> The Consumers Counsel represents the consumer at all Agricultural Adjustment Act (AAA) hearings on marketing agreements and publicizes changes in food supplies, prices and advises consumers how to buy wisely. The *Guide* is sent to 135 000 homes in the country and each month finds about 5000 new requests for the publication.

Another publication of value to consumers is *Notices of Judgment under the Federal Food Drug and Cosmetic Act* published under the auspices of the Federal Security Agency in cooperation with the Department of Agriculture. This lists goods seized by the government because they are impure or mislabeled. The penalty is seizure of goods or fine. This pamphlet may be had upon application. Other governmental publications may appear from time to time in connection with some specialized phase of the subject.<sup>2</sup>

Another governmental bureau which renders service to consumers is the Consumers Counsel in the Department of the Interior. Its main function is to represent the interests of the coal consuming public in the bituminous field. It represents the consumers in all hearings on bituminous coal prices. Factual material is available in its *Coal Consumers Digest* free upon request.

<sup>1</sup> *Consumers Guide*. The War Food Administration. Washington, D. C. This may be had for 5 cents a copy or 50 cents a year.

<sup>2</sup> Consult list. The Superintendent of Public Documents. Washington, D. C.

There are other scattered governmental agencies which perform services that directly or indirectly affect consumers and which are too numerous to mention here. A few of these are Bureau of Agricultural Economics, Rural Electrification Administration, Extension Service, Department of Agriculture, Bureau of Home Economics, Department of Agriculture, Food and Drug Administration, and the National Bureau of Standards, Department of Commerce. One of these agencies in particular deserves a brief word, namely the National Bureau of Standards, Department of Commerce. This bureau was established in 1901. It

establishes and maintains standards of measurement of quality or performance and of practice; studies problems affecting large quantity or contract purchases; serves the consumer indirectly through standardization of devices used in weighing or measuring commodities purchased by over-the-counter buyers.<sup>1</sup>

Some cities, more especially the larger ones, maintain local bureaus of standards or city sealer offices whose function is to maintain uniform weights and measures. Scales in stores are examined for accuracy and if found to be satisfactory are certified with the proper seal. Gasoline pumps are examined to see whether the car owners are getting full measure for their money. If violations are found, the offenders are usually fined and warned against repeating the short measure. The work of such agencies is very important to the citizens of the community.

There are only twelve states that have effective laws for weights and measures. New York City has 75 inspectors, which is more than the total of 17 states with three times the population. It is estimated that the average American family loses 85 cents a week in short measures, \$45 a year, or \$1 $\frac{1}{3}$  billion for the nation. The first inspection in Los Angeles showed 51 per cent of gasoline pumps inaccurate. The American Automobile Association estimates motorists are robbed at pumps from coast to coast at least 20 million dollars annually.

The Pure Food and Drug Administration has an appropriation of 17 cents per consumer for the year to police sale of \$16 billion worth of food, drugs and cosmetics. Congress cut the requested appropriation in half.

## CONSUMER LEGISLATION

The progress of legislation in this country for consumer protection has been slow and difficult. Legislation to protect consumers

has had to overcome the individualism of the American people and their faith in the competitive process and commercial advertising. Consumers until recently were for the most part uninformed and apathetic. Producers and distributors with their high pressure methods, lobbies, extensive advertising and political pressures could block any effective activity by the government.

American consumers first received some protection through federal legislation in 1848 when Congress passed an act prohibiting the importation of adulterated drugs. Some years later it became illegal to bring below standard tea into the United States. Since these laws did not interfere seriously with business interests, there was little opposition to them.<sup>1</sup>

During the next fifty years many bills were introduced in Congress but they were primarily for the benefit of producers. Laws were passed to help the dairy farmers, the cattle raisers, the canned fish industry, and others. Protective tariff laws were passed for the benefit of manufacturers. Still other laws were passed to aid the export trade.

During this same period the states began to manifest an interest in food and drug control. Beef packers had offered dyed oleo margarine to the unsuspecting public as butter. This resulted in an increasing demand for food inspection under the control of state departments of agriculture. In the meantime a series of sensational events focused attention upon the national Congress which resulted in the passage of the first comprehensive food and drug act.

One of these events had to do with the scandal over 'embalmed beef' which was alleged to have killed more soldiers in the Spanish American War than were killed in battle. Some very interesting experiments were conducted by Harvey Wiley of the United States Department of Agriculture showing the bad effects of food preservatives upon health. 'Pure Food' exhibits were set up in the St. Louis World's Fair of 1904. Clubwomen throughout the country were stirred into action. A constant barrage of letters and telegrams was sent to Congressmen urging the passage of a national pure food and drug act. In the mean

<sup>1</sup>Helen Dallas and Maxine Enlow *Read You Labels* Public Affairs Pamphlet No. 51 New York 1941 p. 4

time Upton Sinclair published his famous novel *The Jungle*, which was an expose of the insanitary conditions in the meat packing industry

In 1906 Congress passed a Pure Food and Drug Act as well as a Meat Inspection Law. President Theodore Roosevelt promptly signed them. Both laws were to be enforced by the Department of Agriculture. At first the Pure Food and Drug Act was put under the administration of Dr. Wiley in the Bureau of Chemistry; later it was given a division of its own, the Food and Drug Administration.

**Pure Food and Drug Act, 1906** This act prohibits false labeling of drugs which are to be sold across state lines, but if no claims are made on the label the Act does not apply. The Act prohibits the addition of poisonous substances to food, but the manufacturer is not required to prove that the substances he adds are safe for human consumption. The burden of proof is upon the consumer to show that the product is injurious. This is difficult since the effects may appear slowly. Much will depend upon the administration of the law. Powers given to certain officials to make rules and regulations sometimes have the effect of nullifying the law. Actual regulatory inspection by the Federal Government seems to be almost negligible except in the case of meat.<sup>1</sup> Penalties are maximum fines of \$200 for the first offense and fines up to \$300 or imprisonment for one year, or both, for any succeeding offense. There is some value in the publicity feature of the law.

**Federal Trade Commission** The Federal Trade Commission was established in 1913. Its chief purpose is to prevent unfair methods of competition in interstate commerce. Misrepresentation of goods is one of the unfair methods. Some 70 per cent of the cases coming before it involve advertising.<sup>2</sup>

**Clayton Antitrust Act** The Clayton Antitrust Act was adopted in 1914. This act among other things forbade interlocking directorates as a form of combination in restraint of trade. The declaration that Labor is not a commodity was a gain for the trade union movement but there is little in the act of direct benefit to consumers aside from the fact that certain forms of

<sup>1</sup> Kallet and Schlink *op cit* p. 14

<sup>2</sup> See also Chapter 14 *Large Scale Business Enterprise* pp. 399-400

price discriminations made for the purpose of lessening competition were prohibited

**Robinson Patman Act** The year 1936 saw the enactment of the Robinson Patman bill This Act amends section two of the Clayton Act and forbids price discriminations which injure prevent or destroy competition with the seller or with the buyer unless the seller who discriminates can prove that the variations are due to differences in costs of manufacture sale or delivery The main purpose is to regulate quantity discounts brokerage allowances and advertising allowance granted by manufacturers to distributors thus preventing large distributors from having an unfair advantage over those buying in small quantities This law requires equal treatment of all who buy like quantities of like goods and prohibits unreasonably low prices or local discrimination destructive of competition There is nothing in the Act which is directed against a cooperative association returning to its members the whole or any part of the net earnings or surplus resulting from its trading operations

**Wheeler-Lea Act** The Wheeler Lea Act of 1938 broadened the authority of the Federal Trade Commission to give it the power to deal with all types of unfair commercial practices Additional powers were granted to control unfair advertising

**New Federal Food and Drug Act** The New Federal Food and Drug Act which became a law in 1938 is considered the second major legislative effort in the history of the country to protect consumers from adulterated and misbranded foods and drugs The 1906 law was a compromise It was inadequate even for the consumers of that day It was largely negative in character prohibiting certain practices, but it did not list the positive requirements of honesty and safety in the merchandising of food and drug products Many of its provisions were circumscribed by judicial interpretation

In the interim since 1906 new industries have come into being which directly concern consumer welfare Some of these industries are the vast cosmetic industry new healing devices such as sun lamps, electric belts and orthopedic shoes, beautifying products such as slenderizers This has resulted in new problems of regulation in the interest of consumer welfare

Although the new law was enacted in 1938 most of its provi

sions did not go into effect until June 1939. The Act does not bar the manufacture as such of misbranded or adulterated goods. Enacted under the Federal government's jurisdiction over interstate commerce, it prohibits the delivery or receipt of such goods across state lines. Only within the territories of the United States and the District of Columbia is the manufacture of adulterated or misbranded products outlawed. Any such prohibition within the forty-eight states, however, is left to state legislation.

Under this act cosmetics for the first time came into the range of federal regulation. Poisonous cosmetics are barred from interstate traffic. The law does not require that the ingredients of the cosmetics be disclosed to consumers. Any food which is injurious to health is barred from interstate shipment. Further regulation of poisonous fruit sprays is also a feature. Candy is made safer for children. The laws forbid metallic trinkets and other inedible substances in confectionery.

The adulteration provisions of the law protect the consumer from insect infested fruits and other unwholesome foods. For example, it would be illegal to ship across state lines tuna fish that had been canned in dirty fish plants. Another feature of the law is the protection afforded the consumer against food in unsafe containers, such as jams packed in pottery jars that have glazing containing lead. It is illegal to substitute foods. Horse radish must be made with horse radish, not with ground turnip. Artificial coloring of ice cream must be of an approved type.

Other restrictions of the law forbid misbranding of labels on food products. The label must tell the whole truth regarding its claims. Information on labels must be printed clearly so that the average person can understand it. It is against the law for foods to be offered for sale under the names of other foods. Imitations cannot be made without labeling them as such. Jam which does not contain a sufficient proportion of fruit must be labeled Imitation Jam.

The law also provides minimum standards for products, as for example, canned tomatoes. The drained weight of the tomatoes is supposed to be at least 50 per cent of the weight of water that would be required to fill the can. There is a certain standard requirement, and the label should indicate this clearly. The

canner has the choice of using the general statement, 'Below Standard Quality Good Food Not High Grade' or he may indicate exactly what is wrong with his product by using such statements as 'Below Standard Quality — Poor Color' <sup>1</sup> Another governmental agency namely the Agricultural Marketing Service, has set up voluntary grade standards such as U S Grade A (Fancy) U S Grade B (Choice) and U S Grade C (Standard) for canned fruits and vegetables However their use is not widespread

The use of artificial coloring or preservatives in foods must be indicated on the label If foods claim special dietary or health use then the label must give the information to justify this Drug labels must carry adequate directions for use and adequate warnings where the drug may be dangerous to health Safe guards are established in the use of new preparations A few years ago nearly 100 people were killed by 'elixir of sulfanil amide' simply because a manufacturer eager to catch a promising market, had not stopped to make certain necessary tests New drugs intended for interstate sale must under the new law pass certain examinations before they are offered to the public

Any law is as good as its enforcing mechanism The heart of this new law is the seizure method An illegal product in interstate commerce may be seized wherever it is found A federal court decides whether the product violates the law If it does the product is either destroyed or returned for relabeling or reprocessing under bond to bring it in compliance with the law Criminal penalties for violations of the law are increased For a first offense there is a maximum fine of \$1000 and imprisonment up to one year, or both, for the guilty manufacturer or shipper Exemption is provided for jobbers or retailers who have received products in good faith from shippers A second offense may be punished by a fine of as much as \$10,000 or three years imprisonment, or both <sup>2</sup>

The government is for the first time authorized to inspect factories and other establishments producing or packing foods, drugs and cosmetics for interstate shipment It is estimated that the Federal government spent about  $1\frac{1}{3}$  cents per citizen per year for the enforcement of the various food and drug acts during 1939

<sup>1</sup> *Read Your Label* op cit p 11

<sup>2</sup> *Consumers Guide* p 7 July 1938



**Future Legislative Needs** Legislation has been suggested making a uniform grading system compulsory in the case of foods and canned goods which are not already covered under existing laws. Another recommendation would make the facilities of the United States Bureau of Standards now serving commerce and government available to consumers. The Secretary of Commerce through the National Bureau of Standards might be authorized to establish and publish standards of quality for consumer goods when in his judgment such standards are in the public interest. The National Bureau of Standards could be a great aid to consumers by helping to clear away some of their confused impressions created by advertising.

Another need for governmental action lies in the necessity for coordinating all of the government consumer agencies already in existence. At present there are many offices scattered through various departments and agencies. Some of them are the Consumers Counsel Division of the Department of Agriculture, Consumers Counsel Division of the Department of the Interior, Bureau of Agricultural Economics, Food and Drug Administration, Bureau of Home Economics, Department of Agriculture, National Bureau of Standards, Department of Commerce, Bureau of Labor Statistics, Department of Labor, Public Health Service, Treasury Department, and others.

Although some benefits have come to the consumer as a result of the legislative efforts in their behalf, the protection does not go far enough. Every time an effort is made to introduce legislation for the welfare of the consumer, a barrage of propaganda is released by organized advertisers, producers, and other pressure groups affected. Powerful lobbies work to defeat such legislation. The usual result is that such legislation is either defeated, pigeonholed, or some innocuous compromise measure is enacted under the pretense of aiding the consumers, which in reality is of little material aid.

## THE CONSUMER AND THE WAR

The war has produced added problems for the American consumer. The tremendous costs of the war have to be met by sharply increased taxation. In 1929 the government's share of the national income was \$6.4 billions, while in 1942 its share

was \$16 4 billions <sup>1</sup> Consumer sales taxes have been widespread in the states, and the Federal government has been invading this field to an increasing extent. Numerous taxes have been placed on luxuries, semi-luxuries, and consumer services. Exemptions under the federal income tax have been lowered, thus bringing millions of new taxpayers into the fold while at the same time tax rates have been increased. [To top it off, the income tax form 1040 (March 1944) is probably the most complicated one ever used.]

Relatively early in this war the consumer was faced with shortages of many commodities, such as food, gasoline, shoes, tires, and other essential goods. Without regulation, public demand would have run rampant; hoarding would have depleted the market, and inflation would have begun its insidious upward spiraling. Something had to be done.

**OPA.** In April 1941 President Roosevelt signed an executive order creating the Office of Price Administration and Civilian Supply (OPACS), which was later changed to OPA under some modification of the original act. Under the Emergency Price Control Bill of January 31, 1942, the OPA had three distinct functions: namely, price control, rationing, and rent control in defense areas. Modifications and revisions have been made from time to time on the point values of rationed commodities and in the minimum degree of need specified for such commodities as tires. The OPA has had full control of the administration of its policies and the prosecution of violations. OPA boards alone have awarded modified provisions in exceptional cases.

On the whole, the benefits of OPA have been worthwhile to American consumers. Hoarding has been discouraged, and goods have been made available under the rationing program to all classes of consumers, rich and poor alike. The OPA likewise has served to make American consumers more information-conscious by calling their attention to price ceilings, fraudulent practices, and other data relative to consumer goods and services. An educational campaign has been conducted with the purpose of acquainting consumers with OPA regulations. People have been exhorted to take the 'Consumer Pledge' that they will

<sup>1</sup> *Economic Almanac* 1943-44 p. 358

never buy goods without giving up ration points and that they will always check on ceiling prices before buying merchandise. Through such efforts the aim has been to break up the black markets, which have arisen in violation of OPA regulations.

Various pressure groups representing big business interests, producers, advertisers, newspapers and others have sought to weaken if not to destroy OPA. At the Central States Cooperative League Convention meeting in Chicago in May 1944, Mr. Donald Montgomery, Chairman of the Cost of Living Committee of the C I O, told of the numerous lobbyist activities before congressional committees considering the subject of grade labeling and other OPA functions. Efforts were made directly to weaken OPA, to discredit its director and the work it was doing.

On the other hand, it is not these interests alone which have blocked the OPA program. The very fact that black markets flourish throughout the nation indicates that large blocs of consumers themselves are willing to destroy the very principles embodied in OPA regulations. Nor are these consumers representative only of the moneyed groups; they are from all walks of life.

There is no doubt that the OPA program has had weaknesses. Its most flagrant defect is its practice of piecemeal price control. When, for instance, price ceilings were placed on retail canned or processed foods, they were not at the same time placed on whole sale canned or processed foods, nor were ceilings set on the prices of fresh vegetables. The result was that the margin between uncontrolled wholesale prices and pegged retail prices was so slight in many cases that retail stores were virtually depleted of canned goods. At the same time the prices of fresh fruits and vegetables soared upward almost overnight.

Congress has not been very favorably disposed toward the rationing and price control program. Although it has authorized the office and voted funds for its operation, Congress has trimmed appropriations so severely that many people believe the agency cannot function properly on those limited funds. To the extent that the agency does not function adequately, consumers will lose.

In order to make the OPA really effective three things are necessary

- 1 A control agency large and powerful enough to do the job
- 2 Comprehensive control of prices and supplies all down the line
- 3 A complete divorcement between price control and production

Piecemeal controls will not work. Prices must be controlled at every level of distribution. A good example of piecemeal control was the instance of rationing canned vegetables. At the same time there were no adequate controls of fresh vegetable prices anywhere along the line. The result was that these prices catapulted upward. We should not wait to apply rationing only when commodities become scarce. In reality all commodities today are 'scarce' when excess purchasing power exists. The program should include the placing of understandable ceilings on all consumer goods everywhere. These ceilings should be applied to specific kinds and qualities of goods. Otherwise hidden violations occur when stores charge top prices for bottom quality. To have effective price control it must be divorced from production control.<sup>1</sup> The price control should have complete jurisdiction over prices from the farm, mine, or factory all the way down to the retail store. It is to be hoped that consumer groups will work for a more effective OPA organization while at the same time not relaxing in their support of the present setup.

**Inflation and Stabilization** One of the greatest dangers to consumers in wartime comes from inflation or runaway prices. President Roosevelt, fully aware of the dire consequences of inflation, presented on April 27, 1942, a seven point program to secure stabilization and the further reduction of inflation. The major points in the program were

- 1 Keep personal and corporate profits at a low, reasonable rate through heavier taxes
- 2 Fix ceilings on prices and rents
- 3 Stabilize wages

<sup>1</sup> *Ego omic Almanac* 1943-44 p. 358

<sup>2</sup> From message to Congress, Sept. 7, 1942. *Congressional Record* 88: 72, 83-84, Sept. 7, 1942.

- 4 Stabilize farm prices
- 5 Put more billions into war bonds
- 6 Ration all essential commodities which are scarce
- 7 Discourage installment buying and encourage paying off debts and mortgages

President Roosevelt in the same message to Congress said When the cost of living spirals upward everybody becomes poorer because the money he has and the money he earns buys so much less At the same time the cost of the war paid ultimately from the taxes of the people is needlessly increased by many billions of dollars The national debt, at the end of the war, would become unnecessarily greater Indeed the prevention of a spiraling domestic economy is a vital part of the winning of the war itself

Not all of the above proposals have been carried out successfully Much opposition has arisen from pressure groups from the public at large

**The Little Steel Formula and Subsidies** The Little Steel formula so named from its first application in a steel wage case, limits general wage increases to 15 per cent above the level of January 1941 The National War Labor Board (NWLB) adopted it originally in the summer of 1942 on the grounds that the rise in living costs between January 1941 and May 1942 amounted to only 15 per cent

Labor is dissatisfied with the formula because of the rise in the cost of living since that time so that wage increases have not kept pace with increasing costs A study made by the American Federation of Labor and the Congress of Industrial Organizations released recently, shows that living costs have gone up 43.5 per cent

Of late subsidies have aroused a great deal of discussion A subsidy in brief is money or other inducement paid by government to an individual or a group because it is in the public interest to do so Subsidies have a long history in this country Manufacturers, farmers, railroads, homesteaders, banks and other industries and groups have at one time or another received subsidies Despite the fact that business has received many subsidies in the past at the hands of the government much opposition has developed toward subsidies to farmers and pay

ments to aid consumers Recently (Feb 11, 1944) the Senate passed the Bankhead bill to abolish consumer food subsidies after refusing to eliminate also a large number of other subsidies dear to the farm bloc This bill would raise the cost of living 3 per cent while at the same time the Senate voted down compensatory wage increases 3 per cent above the Little Steel Formula At the same time the Senate voted down an amendment to prohibit payment of sugar subsidies farm support prices subsidies on peanuts soybeans and others Thus it would seem that the present 78th Congress has done little to protect the American consumer in wartime

### TERMS TO BE UNDERSTOOD

natural monopolies	seals of approval
grading	union label
money wages	buying club
real wages	labeling
consumer cooperative	unfair trade practices
price ceilings	

### QUESTIONS FOR DISCUSSION

- 1 What help have you received in school to guide you in becoming a more intelligent consumer? Give your suggestions as to what more could be done
- 2 What are the advantages and disadvantages of advertising from the point of view of the consumer? What could be done to improve advertising?
- 3 What are the factors which have made possible a consumer movement in the United States?
- 4 Why are consumers difficult to organize?
- 5 How can consumer welfare be promoted most advantageously through (a) individual action (b) organization in buying groups (c) consumer cooperatives?
- 6 What does your local government your state and your nation do to protect you as a consumer?
- 7 Summarize the effects of the war upon the consumer Suggest what he can do to protect his interests

### FOR FURTHER STUDY

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- Tonne Herbert *Consumer Education in the Schools* Prentice Hall Inc New York 1941
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## COMPETITION AND THE PRICE SYSTEM

**The Importance of Trade** If every person made his living by his own unaided efforts if he produced independently with materials of his own gathering everything that he consumed there would be no need of buying or selling no markets and no problems of trade Neither would there be any unemployment Everyone would work for himself everyone would be self sufficient and most of our modern economic problems which grow out of dependence on one another through trade simply would not exist

But the actual situation is very different The farmer may raise several kinds of food but he does not produce all his food and he must buy practically everything else he needs Seldom does a worker produce even one commodity in its entirety He does not make an automobile a sewing machine or a suit of clothes Instead he performs some small specialized service in a factory in which some one of these is made This specialization brings great gains in efficiency but it also places us in greater dependence on others We must depend on others to buy our products to furnish us with money income we must also depend on them to produce the things we consume

This universal reliance on selling goods and services is one of the most significant characteristics of our present economic order It accounts for the importance and complexity of modern trade It makes all parts of the economic system highly inter dependent It means that if the demand for any important commodity falls off, large numbers of people find it more difficult to make a living For instance as long as an automobile manufacturer has a steady market at sufficiently good prices he can make an income for himself pay wages to all his employees and buy the necessary raw materials But if his sales fall off or the prices he can get fall below his costs, he must reduce



production and discharge some of his men. Many of these men will then have no way of getting a living especially if other industries are also laying off workers. They do not know how to farm and anyway they have no farms. They lack both the equipment and the materials and the necessary skills for making clothing, houses, furniture and other consumers goods which they need. With the failure of the market for the one thing they have to sell, their labor, they are helpless.

**The Importance of Prices** If a large volume of goods is to be produced, if the opportunity for employment is to be kept open to everyone, the stream of trade must be broad and steady. But the maintenance of a large and steady flow of trade depends to a great degree upon prices. Trade represents voluntary exchanges of goods. If prices go too low, sellers will reduce their offerings; if prices go too high, buyers will reduce their takings. To keep a steady volume of trade both buyers and sellers must be satisfied, and a number of fairly definite price relationships must be maintained. For example, the price or wages of labor must not be too high in proportion to the price of manufactured goods, for if it is, manufacturers cannot afford to hire the labor to continue production. Nor should the price of labor be too low, for then the workers will not be able to buy the goods placed on the market. Again, the price of farm products must not go too low in proportion to industrial products, for if it does, the farmers cannot buy a normal amount of clothing and machinery and that will create unemployment in the cities. Once a system of price relationships has been established that makes possible a high level of trade and production, any serious disturbance of it is likely to check economic activity and bring on a depression.

**The Meaning of the Term "Market"** Before discussing how prices are determined, we must have a clear concept of what we mean by a market. In everyday speech this term is used very loosely. It is quite common to say of anything that can be sold, that there is a market for it. At the one extreme this may mean that a single potential buyer is known to exist; at the other extreme it may mean that millions of people stand ready to buy it at one price or another. Frequently when we speak of a market, we mean merely a place where people come together to buy and sell. Thus in many cities we find a fish market, a

flower market a farmers market or in the stock exchange a stock market Again the term market may refer to a definite but rather extensive area in which a product is sold We speak for example, of the California market or the European market But when we say that the price of a commodity is determined in the market we are using the term in still another sense

The market in which price is determined consists of the whole field or area in which the forces influencing price operate To make the concept more definite we might think of it as including first, all the people interested in buying and selling a commodity and whose actions might influence its price and second, all the factors which influence their actions When we say For example, that the market for wheat is world wide, we mean not only that it sometimes pays to ship wheat to the other side of the world, but also that the behavior of buyers and sellers in India may affect the price in Chicago in Winnipeg and in Liverpool or vice versa When, on the other hand we say that the market for gravel is local, we mean not only that it does not pay to ship it from Ohio to California but also that the demand, supply and price in Ohio have no direct influence on the price in California

**Competition, Monopoly, and Price Determination** When we say that there is *perfect competition* in the market for a product we mean that there are a great many firms selling it, and that they are not organized but are acting independently each in its own interest We mean also that there are many independent buyers and that both buyers and sellers have some knowledge of the market Under these conditions no one firm has any real control of the price If it asks more than the others do it will lose its business The more efficient firms set the pace because they can sell at low prices and still make profits The others must strive to meet them in efficiency and price or else be forced out of business Under monopoly on the other hand a commodity is offered by only one seller<sup>1</sup> Whether the monopoly is a person a firm or a group of firms held together by some form of agreement makes little difference It can set its own price If it is weighing its best interests it must, as we shall see,

<sup>1</sup> Buyers' monopolies also exist and while we shall not discuss them here they are sometimes important

set its price with discretion, but it does not have to worry for fear the public will buy its commodity cheaper from someone else

When market conditions approximate perfect competition, the price of a commodity is determined by competition among buyers and sellers or as we commonly say by supply and demand. In their popular use these terms have different and often uncertain meanings. For example, sometimes supply means the stock of a good on hand, sometimes the amount sold in a given period of time, sometimes the amount sellers would like to sell if they could get the right price. Likewise demand may mean desire for a good, it may mean willingness to purchase or it may mean the amount actually purchased in a period of time. It should be especially emphasized that demand, as used by economists, is never synonymous with need or desire because it implies in addition ability to purchase. Though a penniless beggar may have a great *desire* for food, he can exercise no *demand*. Demand has sometimes been defined by economists as desire for a good plus the ability to purchase it at a given price. However the concepts of both demand and supply are of interest to us chiefly as an aid to understanding how competition determines prices. And for this purpose it is most useful to define the demand for a good as its *demand schedule* and the supply of a good as its *supply schedule*.

A supply schedule is a list of the quantities of a good that sellers would offer at each of various conceivable prices. Similarly a demand schedule is a list of the quantities of a good that buyers would take if they could get them at each of various conceivable prices. Both supply and demand schedules we should note refer to given markets and given periods of time during which there is no significant change in economic conditions. To illustrate how supply and demand as we have just defined them determine prices let us suppose that in a certain week when business conditions are rather stable the supply and demand (schedules) shown in Table XIX exist in the egg market of a large city.

Under the conditions of the table which imply free competition the price of eggs cannot remain much above or below 40 cents a dozen. It cannot remain at 30 cents because at that price buyers will try to purchase 420 000 dozens but sellers will part

TABLE XIX

Price per Dozen	<i>S pply</i>	<i>D mand</i>
	Number of Dozens That Would Be Offered for Sale at the Prices Indicated	Number of Dozens That Would Be Bought at the Prices Indicated
10¢	100 000	650 000
20¢	300 000	450 000
30¢	370 000	420 000
40¢	400 000	400 000
50¢	420 000	300 000
60¢	440 000	170 000
70¢	460 000	70 000

with only 370 000 dozens. Some of the unsatisfied buyers, rather than go without their eggs, will offer more than 30 cents, thus raising the market price. But if the price goes to 50 cents, it cannot remain there either. At that price sellers will try to sell 420 000 dozens of eggs, but buyers will take only 300 000 dozens. Rather than be left with the eggs on their hands, some of the sellers will offer their eggs for less, and so the market price will drop. But at 40 cents the price is in equilibrium because the quantity buyers will take is equal to the quantity sellers will offer.

Other things being equal, it is generally true, as illustrated by our egg market, that the higher the price of a commodity, the more will be offered for sale and the less will be bought. However, this is not true to the same degree in all cases. Some commodities, for example, have a very *elastic* demand. This means that if there is a substantial rise in price, people will buy much less, while if there is a substantial fall in price, people will buy much more. Other commodities have a rather *inelastic* demand, so that changes in price, within limits, have very little effect on the amounts purchased. As a rule, the demand for luxuries is elastic, while the demand for inexpensive necessities is inelastic. If the price of fur coats should double, purchases would decline very sharply. On the other hand, it is unlikely that doubling the price of table salt would have any important effect on the amount people would buy.

An *increase* in demand (or supply) in the schedule sense means that at each price more eggs will be bought (or offered for sale).

than before. A *decrease* means that fewer will be bought (or offered for sale). Let us suppose that a year after the week to which the schedules in our table apply the money incomes of egg buyers have risen and that as a result they stand ready to buy at each price listed, 120 000 dozens of eggs more than before. Since this is an increase in demand without any change in supply, you would expect the price of eggs to have risen. If you make the necessary additions in the table you will find that this is just what has happened and that the new market price is 50 cents a dozen.

This situation is pictured graphically in Fig. 24. There supply is represented by the curve *SS* and the original demand by the curve *DD*. The new demand is represented by the broken curve *D'D'*. The old price is indicated by *PK*, the new price by *P'L*. Notice that an increase in either demand

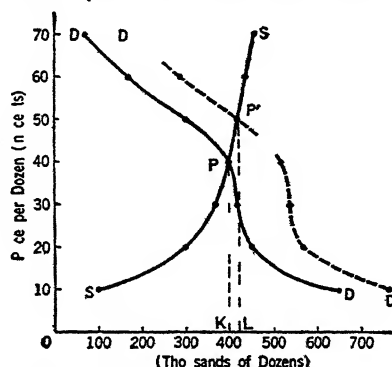


FIG. 24 SUPPLY AND DEMAND FOR EGGS

or supply can always be shown by shifting the entire curve to the right, a decrease by shifting it to the left. It can readily be seen by studying the graph that an increase in demand or a decrease in supply will raise price, while a decrease in demand or an increase in supply will lower it.

Under monopoly the description just given of how supply and demand determine prices does not apply, since there is only one seller of a good and he can set the price. However, if the monopolist is seeking good profits, he must not set his price too high. A very high price will give a large profit margin on each unit of a commodity sold, but it may result in such small sales that total profits will not be great. A more moderate profit on each unit, coupled with large sales, is likely to yield a much better return. In other words, the monopolist controls supply but not demand, and though he can set his own price, he cannot make people buy as much at a high price as they would at a low price. His problem is to maximize his total profit, which is his profit per unit times the number of units he sells.

A monopolist's control over price is always subject to important limitations. Sometimes his monopoly is the result of combining a number of competing firms and if he sets a rather high price he will encourage new competition to spring up. Even where his control of production is secure too high a price will cause people to turn to substitutes. Or if he sells a necessity for which satisfactory substitutes are not available a high monopoly price will bring on a demand for government regulation of his business.

But in spite of all these limitations on the power of the monopolist, monopoly prices are likely to be much higher than competitive prices and this as we shall see later, creates serious social problems.

*Imperfect Competition* Few commodities are traded in under conditions that closely approximate perfect competition neither are very many things sold under conditions of outright monopoly. Most of the actual situations fall somewhere in between and while clear cut monopoly does not exist, competition is so imperfect that individual producers do have some control over price.

*Duopoly and Oligopoly* Suppose that instead of there being many firms engaged in selling a product there are only two firms, or perhaps as many as a dozen firms. The former case is called duopoly, the latter, oligopoly. Clearly, in neither of these cases do we have monopoly, but neither is there perfect competition because where there are so few competitors each firm may have a certain amount of control over price. If one firm raises its price, perhaps it will not lose all its business because the competing firms may not be able to expand their production quickly. Perhaps also, some of the competing firms will follow its lead and raise their prices too.

*Incomplete Monopolies* Another type of situation is found when one large firm controls the bulk of the production of a commodity while the remainder is in the hands of a number of small competitors. Suppose, for example that you owned all the best sulphur deposits in the world and sold 95 per cent of the world consumption of sulphur, but that the other 5 per cent was produced by many small firms. You would not be a monopolist in the sense of being the sole seller of sulphur but you might have great monopoly power that is, you might be able to maintain

a price much higher than would be possible in a typical competitive market. Of course your small competitors would get the benefit of the high price too and you would lose some sales to them but that would not need to worry you much if they were not able to expand enough to take over an important part of your market.

*Competition of Substitutes* In contrast to the situation in the preceding paragraph you might, in strict theory have a complete monopoly and still have very little power to raise the price of your product. Paradoxical as it may seem, monopoly does not exclude all types of competition. To say that one has a complete monopoly merely means that no one else sells the very same product. But there are always substitutes or products which serve much the same needs of the consumer. Oranges can be replaced by apples, beefsteak by pork, streetcars by private automobiles, butter by oleomargarine. The degree of power over price which a monopolist has depends largely upon how numerous, how good and how cheap are the substitutes which compete with his product.

Whenever a producer makes a product a little different from that of any other producer he has a complete monopoly of a sort but many such monopolies are not very important because they confer little power over prices. Every manufacturer of trade-marked cookies has a monopoly of cookies bearing his trade mark and in the eyes of many consumers the trade mark makes a real difference. Yet if he raises his prices very much he will lose nearly all his customers because they will substitute other brands of cookies. His power to raise prices successfully would, of course be much greater if he had a monopoly of all cookies. It would be still greater if he had a monopoly of all pastries, and immeasurably greater if he had a monopoly of all food products. There is an element of monopoly in the sale of most manufactured or processed goods be it only through control of a trade mark and yet there is competition too a competition between products that though somewhat different, like two makes of automobiles can nevertheless be readily substituted for one another.

**The Monopoly Problem** Unquestionably in the last fifty years or more there has been a trend toward monopoly in many

fields of business. This has not been entirely unwelcome to business men because as a rule they do not like to have to sell in a highly competitive market. The reason is that competition tends to keep prices near costs and thus to reduce profit. But in most industries there are great advantages to society in competition. As a rule it gives consumers better products at lower prices. Lower prices mean larger sales if not of the good in question, then of other goods and this means more employment of labor, more wages available for all kinds of spending and therefore higher standards of living. Monopoly on the other hand has serious social disadvantages. It is common knowledge that a monopoly, through its power to raise prices, is able to levy a tax on every consumer. But the greatest evil in monopoly is not that it taxes the individual consumer, but that the high price which it is likely to maintain reduces sales and production and thereby creates or maintains unemployment and lowers standards of living. The gain of the monopolist is usually the loss of the community, because the average standard of living can be raised not by restricting but only by increasing the production of the goods and services that the people want.

Strictly speaking monopoly constitutes not one problem but a number of problems because different circumstances prevail in different monopolized industries. Since some of these problems are given attention in the chapters on large scale business enterprise and public utilities, we shall not discuss them further at this time.

**Unstable Prices** We have pointed out that to maintain a steady volume of trade, production, and employment, certain fairly definite price relationships must exist among the various goods and services offered for sale in the market. But since the prices of most things instead of being fixed once for all are subject to frequent changes, any price relationships that may become established are constantly being disrupted and this fact creates a number of serious problems.

The price changes which we must take into account are of two kinds: first, those caused by variations in demand or supply conditions for a particular commodity and affecting other commodities very little; and second, those caused by factors that affect all commodities, and thus tend to make the prices of a



great many things go up or down. The first type of price change can be illustrated by a rise in the price of wheat when a blight reduces the supply. The prices of other commodities are not directly affected. The second type of price change can be illustrated by a rise in the price of wheat brought about by an increase in demand resulting from an increase in employment and income. In this case the same factor that increases the demand for wheat will increase the demand for other goods and cause their prices to rise too. When the prices of most goods are going up, we say that the general price level is rising. The term general price level means simply the average of all prices.

**Value and Price** To understand the relation of the prices of particular commodities to the general price level one should understand the distinction between value and price. In economic discussion value ordinarily means exchange value and the value of a given good can therefore be measured directly only in terms of the other goods for which it can be traded. For example the value of a piano is the loaves of bread, knives, suits of clothes, doctors' services and whatever else can be had in exchange for it. Price is merely value expressed in money and the price of a good is the amount of money for which it can be traded. There is no simple way of expressing in full the value of a piano in goods, but its price can be stated readily as, let us say, \$500.

Now this distinction between price and value is important. At any given time we can compare the value of different goods accurately enough by comparing their prices, but changes in the price of a commodity over a period of time may be no indication whatever of how its value has changed, because in the mean time there may have been a shift in the general price level. If a pair of shoes at any given time is worth \$5 and a coat \$40, it will take eight pairs of shoes to buy the coat, or the value of the coat is eight times the value of the pair of shoes. But suppose the price of our coat rises to \$80. If other prices remain unchanged the value of the coat has doubled, for it will command twice as much as before in other kinds of goods. But if on an average the prices of other goods have also doubled the value of the coat is no greater than before, for \$80 will buy no more than \$40 would formerly. What has happened is that the value of money

has declined as the general price level has risen. Value is the power of a good to command other goods in exchange and when the price level is doubled the buying power of a given amount of money is cut in half.

The yard is our common measure of length and the dollar is our common measure of value. But the dollar is not so good a measure as the yard because while the length of the yard is always the same the value of the dollar changes with every change in the price level.

**Measuring Changes in the General Price Level** We have already defined the general price level as the average of all prices. But how are we to find such an average? One might think this would be very simple. Actually it is so difficult that a famous economist, David Ricardo, once thought it impossible. Stop and think about it a moment. How would you average the prices of a \$10 ton of coal, a \$3 yard of silk, a 12 cent quart of milk, and a \$2 doctor's visit? If you add these prices and divide by four you get \$3.78. But \$3.78 for what? The figure is meaningless because you cannot reduce either the commodities or the units in which you measure them to a common denominator.

There is, however, a fairly satisfactory solution for this problem of finding a price average. It consists of the use of index numbers. A price index number is a kind of average, but it is not an absolute number expressed in dollars and cents. Rather it is a ratio or percentage, showing how prices at one time compare with prices at another time. It usually expresses the price level of a group of commodities in a given year as a percentage of their price level in some other year. This latter year is chosen for purposes of comparison and is called the "base."

There are different ways of calculating price index numbers. One way is to add up the prices, in the year chosen for the base, of a long list of commodities, then to add up the prices of the same commodities in each of the years for which an index is desired, and last to express these latter price sums as percentages of the price sum in the base year. Index numbers found in this way are unweighted, that is, they make no allowance for the fact that some commodities are much more important than others. The price of a pound of table salt, for example, is added in with the price of a pound of bread without considering that

people buy much more bread than table salt. The table following indicates how an unweighted index number is calculated. For simplicity only three commodities are used.

TABLE XX

<i>Commodities</i>	<i>Prices in 1950 (Base Year)</i>	<i>Prices in 1960</i>	<i>Prices in 1965</i>
Table salt per lb	5¢	10¢	12¢
Bread per lb	8¢	2¢	5¢
Milk per qt	7¢	3¢	8¢
Price sums	20¢	15¢	25¢
Price indexes	100	75	125

To weight such an index one must assign to each commodity some number (weight) that indicates its relative importance. The price of each commodity is then multiplied by the proper weight before the prices are added. If for example before adding the price of bread and the price of salt we multiply the former by twenty and the latter by two, changes in the price of bread will have much more influence (weight) in the resulting index than changes in the price of salt. The following table indicates how a weighted index is calculated.

TABLE XXI

<i>Commodities</i>	<i>Prices in 1950 (Base Year)</i>	<i>Weights</i>	<i>Weighted Prices in 1950 (Base Year)</i>	<i>Prices in 1960</i>	<i>Weighted Prices in 1960</i>	<i>Prices in 1965</i>	<i>Weighted Prices in 1965</i>
Table salt per lb	\$0.05	2	\$0.10	\$0.10	\$0.20	\$0.12	\$0.24
Bread per lb	0.08	20	1.60	0.02	0.40	0.05	1.00
Milk per qt	0.07	10	0.70	0.03	0.30	0.08	0.80
Weighted price sums			\$2.40		\$0.90		\$2.04
Price indexes			100		37.5		85

Perhaps the best and most widely used price index in the United States is that calculated by the Bureau of Labor Statistics at Washington. This is a weighted index based on the wholesale

prices of several hundred commodities. The method used is as follows. The weight assigned to each commodity is the quantity sold in some representative year. Any convenient year may be selected for the determination of these commodity weights but once decided upon the same weights must be used in finding all the yearly index numbers. The index number for any given year is calculated by multiplying the price of each commodity by its weight and adding the resulting products to get a weighted price sum. This sum is then reduced to a percentage of the corresponding sum in the base year. The following table though using only three commodities instead of hundreds illustrates this process.

TABLE XXII

<i>Commodities</i>	<i>Prices in 1950 (Base Year)</i>	<i>Quantities Sold in 1950</i>	<i>Total Values at 1950 Prices (Base Year)</i>	<i>Prices in 1965</i>	<i>Total Values at 1965 Prices</i>
Cotton per lb	\$ 0.25	1 000 000 000 pounds	\$ 250 000 000	\$0.20	\$200 000 000
Wheat per bu	2.00	500 000 000 bushels	1 000 000 000	1.00	500 000 000
Gasoline per bbl	10.00	75 000 000 barrels	750 000 000	8.00	600 000 000
Weighted price sums			\$2 000 000 000		\$1 300 000 000
Price indexes			100		65

**The Problem of Sticky Prices** We are now ready to give attention to some of the problems that result from price changes. Any considerable rise or fall in the general price level is accompanied by serious economic disturbances, but these result not so much from shifts in the price level as from the fact that some prices rise or fall more than others. Prices which resist change when the general price level is rising or falling are said to be sticky.

These sticky prices are the chief source of trouble. If the prices of food and clothing rise and the price (wages) you receive for your labor rises proportionately you are no worse and no better off than before. But if food and clothing rise sharply in price and your wages remain the same, or rise only a little you suffer serious loss. Likewise you may suffer loss when prices fall.

Suppose, for example you work in a men's clothing factory and the price of men's suits goes down. If the price of cloth does not go down, and you and your fellow workers refuse to accept lower wages your employer may have to lay you off to save himself losses. He may even be forced out of business. In either case you lose your means of earning a living.

Prices resist change for many reasons. Sometimes as in the case of railroad fares they are regulated by the government. Sometimes as in the case of doctors' fees or a nickel for a package of chewing gum, they are pretty firmly fixed by custom. More often than not they are controlled by a monopolist. But whatever the reason for sticky prices so long as they exist, any change in the general price level is bound to disturb the normal price relationships which are necessary for the maintenance of trade, production, employment and income.

We must not, however, attribute to sticky prices all the disturbances which accompany a change in the price level. If a rise or fall in prices affected all commodities uniformly it would still create problems because of the existence of debtor and creditor relationships.

**The Price Level and Debtors and Creditors** It is commonly said that debtors benefit and creditors lose when prices rise and that the reverse is true when prices fall. Suppose that John Jones had lent Thomas Smith \$1000 in 1913 and that Smith had paid it back in 1920 when the price level was more than twice as high. While Smith repaid the same amount of money that he received, this money would buy less than half as much as when he borrowed it. Jones appears to have been the loser, but it is not clear that his loss is really the result of the lending transaction for if he had hoarded his \$1000 in a mattress, its purchasing power would have shrunk just as much. He could have saved himself from this loss only by spending his money in 1913 on better living or by investing it in a piece of property like a house, the money value of which might have risen with the price level. Nevertheless it remains true that creditors insofar as their incomes depend on payments of interest and principal on loans suffer a shrinkage of purchasing power when prices rise and the opposite is also true, that they gain in purchasing power when prices fall.

Whether rising prices really benefit a debtor depends chiefly on their effect on his money income. Suppose you have a fixed income of \$5000 a year and are paying 5 per cent interest or \$1000 a year on a \$20 000 mortgage. If prices rise sharply you are worse off because your cost of living goes up, and it becomes much more difficult for you to meet your interest payment of \$1000. On the other hand if your money income rises proportionately to prices your position is improved.

The farmer with a mortgage is one of those who generally benefit from a rise in prices. Suppose a farmer is paying \$1000 annually in interest and principal on a mortgage and is doing this out of an income of \$2000. This leaves him only \$1000 for his living expenses. Now suppose the price level doubles. Since farm products are sensitive to price changes we will assume that their prices also double and that the farmer's income rises to \$4000. His interest payment of \$1000 now leaves him \$3000 for living expenses or three times as much money as he had before. To be sure his living expenses are also higher, but even if we assume that they have doubled along with the price level, he still has considerably more purchasing power.

But a falling price level can work terrible hardships upon farmers who carry mortgages even to the extent of creating an acute national problem. Take the case of our farmer who is paying \$1000 interest and principal out of a \$2000 income. Suppose now that the price level drops 50 per cent and that farm prices drop in proportion. If the farmer's total income is then reduced to \$1000 he has after payments on his mortgage nothing at all left over to live on. If he does not make the payments when they fall due he will probably lose his farm. This is the sort of situation that faced hundreds of thousands of farmers in the depression years following 1929. Except for industrial unemployment in our great cities, no more pressing economic problem ever faced the nation.

**The Price Level and Fixed Incomes** Few people outside of the recipients of well secured annuities have money incomes that are really fixed. However there are other groups whose incomes are relatively stable. Among these are government employees, people who depend on interest from savings, and people who depend on interest from high grade bonds. Falling prices benefit

these stable income groups and rising prices injure them for the obvious reason that in the former case their money will buy more in the latter case less. An extreme rise in prices like that which occurred in Germany during the postwar inflation can reduce such groups to abject poverty by destroying their purchasing power almost completely.

**The Price Level and the Worker** It is usually said that rising prices injure wage earners and salaried workers because wages and salaries rise more slowly than other prices. In other words they are sticky and resist change. Conversely it is said that falling prices benefit workers because wages and salaries fall less rapidly than other prices.

For a man with a steady job at full time this reasoning is correct but for the working class as a whole its validity is doubtful. Periods of rising prices are generally periods of increasing business activity and increasing employment and workers as a group are likely to benefit through the increase in jobs. If pay rolls rise faster than prices, there is a net gain for the workers even if wage rates lag. On the other hand, periods of falling prices are generally periods of business decline, and even though wage rates resist the downward trend the workers as a group are likely to suffer a net loss because of increasing unemployment.

**Price Changes and Prosperity** Rising prices and increasing prosperity nearly always go together. Why should this be so? If it is the higher prices themselves that bring prosperity then the way to get the country out of depression would be to raise prices by any method available. That seems to have been the reasoning of many who advocated the NRA (National Recovery Act) codes. If they said the firms in each industry could get together fix fair prices and eliminate chisellers, good wages, good profits and prosperity would be restored. Unfortunately this reasoning involves a misunderstanding of the relationship between prosperity and rising prices. The rise of prices in a normal period of business recovery follows an expansion of demand and as long as demand continues to expand rising prices will be accompanied by increased sales. But to raise prices arbitrarily as a government or a monopoly might do without regard to demand is almost sure to contract sales and in turn reduce production, employment, and the com

munity's income. It is probable that the National Recovery Act codes in spite of their name were an obstacle rather than an aid to recovery.

But it would be highly misleading to leave the impression that rising prices are a passive factor in a period of recovery. On the contrary, once an increasing demand for goods starts the upward movement, the rising prices themselves stimulate further business recovery. This happens for several reasons.

First, the profits of many business firms increase because the prices of the things they sell rise faster than their costs of production. Costs of production are themselves prices, but they include sticky items like wages which rise only slowly and other items like interest on bonds which are fixed by contract for a period of years in advance. Besides this, one must remember that the raw materials from which finished goods are made must be bought in advance and so when prices are rising the manufacturer is able to sell in a high priced market goods made from materials bought when prices were lower. Increasing business profits have a powerful influence on recovery because they create a spirit of optimism. Businessmen begin undertaking expansion for the future. New office buildings and factories go up, new machinery is installed, more money is paid out for materials and labor. All this increases the income of the public and increases the demand for consumers' goods of all kinds.

A second way in which rising prices stimulate recovery is by inducing speculation. When prices have been rising for some time, people gradually gain confidence that the rise will continue. Then they begin buying up commodities to take advantage of the expected higher prices. Outright speculators buy for resale goods they would ordinarily not handle; merchants and manufacturers build up their inventories to avoid paying higher prices later; even consumers are influenced by appeals to buy clothing and automobiles now, before the prices go up. All this increased demand for goods naturally stimulates business optimism and directly increases production and employment. It also keeps prices rising and so maintains the speculative buying which is its source.

But unfortunately prosperity based on a speculative rise in prices cannot continue indefinitely. The speculators themselves



know that somewhere there is a limit to the rise. Stocks and inventories finally become so large that further increase is difficult. As the demand for goods flags the price rise is halted. Now the situation is reversed. Speculators begin to sell and merchants and manufacturers stop buying to use up inventories already on hand. Prices fall rapidly. Demand not only falls but it falls below normal because for many kinds of goods there will be little buying until the speculative stocks are used up. Production and employment contract and general depression follows.

**Price Flexibility vs Price Stabilization** It is neither possible nor desirable to get rid of all price change. Individual commodities must fluctuate in price if they are to make adjustments to changes in supply and demand. And while in the case of the general price level we might wish for a fair degree of stability even here as was pointed out it is not so much changes in the price level which cause trouble, as it is the fact that some individual prices are sticky and do not follow the trend.

There are two directions in which we could work to reduce the disturbances caused by price changes. First we could try to make individual prices more flexible so that they would adjust themselves to changes in the general price level. This would mean widening the area of effective price competition and would not be easy because powerful forces seem to be operating to reduce competition. Second we could try to make the general price level itself more stable so that there would be less need for the adjustment of great numbers of individual prices. This would not be easy either but it might be possible. It would mean in a free enterprise economy the setting up of effective controls over money and bank credit.

**War Price Control** In time of peace the most satisfactory arrangement is to permit prices to be determined by the forces of competition operating in free markets. This has the advantages of giving both the producer and the consumer a good deal of freedom of permitting trade with the least expenditure of time and effort and of requiring a minimum of government supervision and regulation. But in time of war disruption of the economic life of a nation is so great that the ordinary processes of competition can no longer be depended on to regulate prices.

in a satisfactory way. Direct government controls then become necessary.

For about two years now American consumers have been buying most essential commodities under *price ceilings* set up by the OPA. Without such ceilings the prices of many commodities would have risen to extreme heights because, while the production of consumer goods was restricted and in some cases stopped entirely, the buying power of the public rose tremendously as a result of the increase of wages and employment in war industries.

For the government to have permitted a great and rapid rise in prices would have been unthinkable for several reasons. (1) It would have impaired national unity and morale by imposing extreme hardship upon the millions of our citizens whose money incomes are more or less fixed. (2) By making production of civilian goods extremely profitable, it would have discouraged the shifting of plant, materials and labor to war production. (3) It would have started an uncontrollable spiral of inflation. Higher costs of living bring insistent demands for higher wages and any substantial general rise in wages in wartime creates irresistible upward pressures on prices. One of the effects of an uncontrolled rise in prices would be a great increase in the money costs of the war.

But to set price ceilings is one thing; to enforce them successfully is much more difficult. If when goods are relatively scarce and people have plenty of money, prices are arbitrarily set at a low level, there will not be enough goods to go around. Buyers who want more goods and dealers who want more money will be tempted to trade secretly at prices above the ceilings—that is to say, *black markets* will develop.

In this situation the introduction of a system of *rationing* is a great help. Rationing, of course, does not entirely eliminate black markets, but it makes them easier to control, because by limiting the purchases of consumers it reduces the upward pressure on prices which would otherwise be exerted by unsatisfied buyers. Rationing serves the further important function of distributing scarce commodities more fairly among buyers. If the amount which each buyer can purchase is sufficiently limited, there will be enough to go around.

Price ceilings and rationing are essential to the fight against

inflation in time of war, but to be successful in the long run they must be supported by other measures. As long as the public has billions of dollars of extra income which it seeks to spend on a limited volume of consumer goods, holding the price line becomes increasingly difficult. To remove the danger of a breakdown of price control, most of this extra income must be drained off. The purchase of war bonds absorbs part of it, but the thing most essential is an adequate tax program. This, in the opinion of many competent observers, we do not yet have (March 1944).

Price control is essential not only while the war is actually in progress; it will continue to be essential to some degree during the first great economic adjustments to be made immediately after the war. But almost everyone will wish to see it abandoned as soon as we no longer need it. For even at its best, its difficulties, costs, and inconveniences are so great that they serve by contrast to emphasize the tremendous advantages which in normal times we derive from free markets and from prices determined (for the most part) by competition.

#### TERMS TO BE UNDERSTOOD

economic self sufficiency	duopoly
market	oligopoly
perfect competition	incomplete monopoly
monopoly	price
supply	value
supply schedule	general price level
demand	price index number
demand schedule	base year
increase or decrease in demand	unweighted price index
increase or decrease in supply	weighted price index
imperfect competition	sticky prices
elastic demand	inelastic demand

#### QUESTIONS FOR DISCUSSION

- 1 Why do prices play a very important role in the economic order?
- 2 Name several products whose prices are determined under conditions approaching perfect competition. Defend your choices.
- 3 Name several products produced by monopolies. In each case discuss the limitations to which the monopoly is subject.
- 4 In Table XIX decrease by 75 000 dozens the quantity of eggs that sellers would offer at each price. What would be the new market price of eggs? What change has taken place in supply? In demand?

- 5 Are there disadvantages in competition from the standpoint of the public? In monopoly? In general which is the more desirable? Would you make any exceptions to this?
- 6 In many industries the growth of monopoly has eliminated competition. Discuss.
- 7 Why is the distinction between value and price important?
- 8 In the table illustrating how the Bureau of Labor Statistics calculates its index number change the 1965 prices to the following: cotton 15 cents per pound, wheat \$1.50 per bushel, gasoline \$5.00 per barrel. Find the price index number for 1965.
- 9 How do changes in the price level affect debtors and creditors? People with fixed incomes? Wage earners? Business prosperity?
- 10 Give several illustrations of how sticky prices may cause trouble when the general price level is rising or falling.
- 11 How might the disturbances caused by price changes be reduced?
- 12 Why is direct control of prices necessary in time of war?
- 13 How are rationing, bond sales, and taxation related to the problem of holding price ceilings?

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## LARGE-SCALE BUSINESS ENTERPRISE

**The Problem of Large-Scale Business** Big business is a social problem chiefly for three reasons (1) in many industries it drives small business and the small businessman out of existence (2) it concentrates great economic and even political power in the hands of relatively small groups (3) it frequently creates monopolies or near monopolies which have great power over production and prices This third characteristic partly accounts for the other two and it explains most of the efforts during the last seventy years to curb and regulate big business efforts which have brought about a great expansion of government control over private enterprise

**The Origins of Big Business in the United States** Before the Civil War there was no big business problem in this country Of course even in colonial times there were land companies and trading companies in America which relative to the population and wealth of the period were large But the power of such great enterprises was limited because there were still hundreds of millions of acres of unoccupied and unclaimed lands and trade was not nearly so important in the lives of the people as it is today Towns of even 10 000 inhabitants were very few Most people made a living directly from the land and produced for themselves the clothing furniture and household utilities which they required Under such conditions the existence of a few large land and trading companies did not affect the majority very directly The modern problem of monopolistic big business was not to appear until there had been a phenomenal growth of trade and transportation accompanied by the rise of large scale manufacturing and a great development of the public utility industries

In the first half of the nineteenth century a number of things happened which brought about larger business units and an increasing use of the corporate form of organization Banking

became more and more important. By 1815, partly as a result of the Napoleonic Wars and the War of 1812, the factory system had gained a firm foothold in this country. The larger cities rapidly introduced water systems and gas lighting. Mechanization of land transportation began with the first railroads in the 1830's and the first of the great modern communication utilities, the telegraph, came into use in 1844. Not however, until about the time of the Civil War did one begin to find business units that were large by present day standards.

One of the early industries to require very large capital investment in a single enterprise was the railroads. In the beginning railroads were only short lines between neighboring towns. In going from New York to Buffalo by train one had to travel on more than a dozen different roads. Such a situation was, of course, very unsatisfactory and in the decade before the Civil War a large number of consolidations took place. By 1860 it was possible to travel between many of our important cities on a single railway line and some of these lines were truly large scale business enterprises.

Not only were the railroads big business, they also tended to be monopolies.<sup>1</sup> Although there might be two or more lines between important terminals, most of the territory served depended on a single road. Wherever competition did exist, it soon became common practice for the roads involved to attempt to eliminate it by making agreements to pool traffic and maintain uniformly high rates. As a result scarcely was the Civil War over when agitation for public regulation of the railroads began. The farmers, especially, felt that they were being robbed by unreasonable and discriminatory rates and, organizing in the Granger movement, they began to put pressure on the state legislatures to pass laws limiting railroad rates and prohibiting certain unfair practices.

One of the first milestones on the road toward the regulation of monopolistic big business was set up in 1869, when the Illinois legislature passed an act requiring that railroads should charge "just, reasonable, and uniform" rates. Other states soon followed suit especially after the panic of 1873 and in 1887 federal regulation of railroads was begun with the creation of the Interstate Commerce Commission.

<sup>1</sup> For a discussion of monopoly see Chapter 13.

Soon thereafter the problem of monopoly control by great industrial combinations began to receive increased attention. The Standard Oil Company had been created in 1879 and was followed within ten years by the Whiskey Trust, the Sugar Trust, and others. To meet this trend Congress passed in 1890 the Sherman Antitrust Act, the first federal legislation against combinations or agreements tending to restrain trade and create monopoly. But because the wording of the Sherman Act was vague and the courts at first seemed unwilling to enforce it, it by no means put an end to the combination or trust movement. This trend continued, and reached its height in the years from 1897 to 1903, during which period more trusts were formed than at any other time in our history.

Since 1903, except for a period of revival in the twenties, the combination movement has proceeded at a much slower pace. Meanwhile another force which tends to increase the size of the business unit has come to the fore, namely, the development of mass production techniques in manufacturing.

**Why Business Units Have Grown Larger** Today there are a number of business corporations of such mammoth size that they employ hundreds of millions of dollars in capital, tens of thousands of men, and carry on operations that cover a large part of the globe. The reasons for the development of such enterprises are many. They include the desire for monopoly, the development of machine technology, and favorable legislation. The last two of these factors require special comment.

*The Influence of Power Machinery* Perhaps the factor that most stimulated the growth of large scale enterprise was the introduction of power machinery in the production of a vast number of goods and services. But to use machinery advantageously it was necessary to develop a unit larger than the home shop: (1) because the machinery and the power plant to operate it were too expensive to be built for the use of only two or three men; (2) because the machine method of production can be applied only by extending the division of labor.

When shoes were made by hand, one skilled shoemaker could do all the work. But no one was able to invent a single machine to make a shoe. Instead, it was necessary to divide shoemaking into its component operations and to devise a separate machine

to perform each of the many different processes. One machine might sew two parts together, another cut out a sole, and a third punch holes for laces. But this method of making shoes not only required many machines, it also required one or more workers to operate each. In order that all these workers and machines might be used to advantage, they had to be brought together in one place, so that materials could easily be routed from one process to the next, and a very large number of shoes had to be produced so that all the workers and machines could be kept constantly busy.

The more units of a product a factory produces, the more it is possible up to a certain limit to reduce costs: (1) by mechanizing a larger proportion of the operations, and (2) by employing the most efficient types of machinery. It is said that the dies and other equipment for stamping out and shaping the parts of a modern automobile body cost from \$2 500 000 to \$6 000 000.<sup>1</sup> If you make only five or ten cars a day, you cannot possibly afford such an expense. But if you turn out hundreds or thousands of automobiles a day, the original cost of the dies is spread out over so many units that it becomes relatively unimportant compared to the tremendous savings in time and labor on every car produced. This fuller utilization of machinery, including such devices as the conveyor belt for the efficient routing of parts and materials, explains a large part of the dependability and cheapness of modern mass production. But only the industrial giants can afford and can use to advantage the superequipment which modern technology offers for the making of products like automobiles and steel.

However, the effect of power machinery in stimulating the growth of large scale industry has not been limited to its use in manufacturing. Large scale production depends upon the existence of large markets, and the great territorial expansion of markets in the last hundred years is a direct result of the application of power to machines. First, such power machines as the steamboat, the locomotive, the truck, and the airplane have made possible cheap and rapid transportation. Second, power machines have greatly contributed to the ease and speed of long

<sup>1</sup> Edwin G. Nourse and Horace B. Drury, *Industrial Price Policies and Economic Progress*, The Brookings Institution, Washington, D. C. 1938, p. 61.



distance communication by furnishing the equipment and power for the telegraph the telephone and the radio Third machines have created national advertising the development of which is a direct result of modern transportation and communication facilities and of devices like the power printing press

Another typical product of the machine age which has contributed to the growth of both monopoly and big business is the public utility industries They include the railroads telegraphs and telephones streetcars and buses electric power plants and the like With unimportant exceptions the very nature of the business they do requires them to be monopolistic and in many cases they must also be very large

*The Influence of Legislation on Large Scale Enterprise* Legislation has played a dual role in relation to the growth of big business Much attention has been given to laws attempting to restrict big business especially monopolistic combinations Less attention is usually paid to the fact that legislation has also encouraged big business and made possible its modern development

Especially important in this connection has been the legalizing of forms of organization that lend themselves to large undertakings Without the corporation most of our greatest enterprises would be impossible The corporation in some form goes back to antiquity but its adaptation to the needs of modern business occurred largely in the latter part of the eighteenth and the first half of the nineteenth centuries Two important steps were taken to make the corporation more readily available as a form of business organization First statutes were passed which limited the liability of a stockholder for company debts usually to his investment in the stock This made people much more willing to buy stock than they had been when, as in the case of the old joint stock company the holder of a single share was liable for debts to the extent of all his property Second general incorporation acts were passed which made it possible to organize a corporation without a special act of the legislature as was formerly required

A development that greatly facilitated bringing a number of corporations together under unified control was the legalization of the holding company by New Jersey in 1889 A holding company is a corporation which owns a controlling stock interest

in other corporations. Prior to 1889 it was illegal because one company was not permitted to hold stock in another. But other states soon followed the action of New Jersey, and today many of our largest business enterprises are holding companies. They include such giants as the American Telephone and Telegraph Company<sup>1</sup> (The Bell Telephone System) the United States Steel Corporation and General Motors.

### **Advantages and Disadvantages of Large-Scale Enterprise**

We have already mentioned certain things which give the very large business an advantage over smaller concerns, namely the employment of national advertising, the more effective use of machines, and the exercise of control over production and prices. But these are by no means the only advantages which it has. The large business can often buy materials at lower prices because it can bargain for larger quantities. It can better afford to hire experts and to maintain research laboratories. It can effect economies in marketing in various ways for example by locating factories in different parts of the country to reduce freight charges on goods shipped out. It can utilize by products which a small concern could hardly afford to bother with. In these and other ways it can reduce its costs and increase its profits.

On the other hand it is important to keep in mind that there are a number of industries in which, for a variety of reasons, there seems to be no advantage in great size. For instance in an industry like the manufacture of women's clothing real mass production is impossible because the producer must cater to changing styles and the individual preferences of customers. The market for any one style of garment is temporary and limited and therefore it does not pay to install highly specialized machinery to produce it. The better the grade of clothing the more demand there is on the part of customers for individuality and this requires a great variety of styles, much handwork, and more personal attention on the part of the business executive. In producing such goods the small or moderate sized firm usually has an advantage over the very large firm.

Even in the so called mass production enterprises size promotes

<sup>1</sup> Among the corporations controlled by the American Telephone and Telegraph Company are most of the local telephone companies in the United States and a great manufacturing subsidiary Western Electric Company.

efficiency only up to a certain point. After the optimum or best size is reached disadvantages begin to outweigh advantages. Further growth brings a disproportionate increase in the costs of maintaining the organization of keeping accounts and checking on operations and results. The men at the top have increasing difficulty in keeping in touch with their subordinates with purchases and sales, and with what is going on in widely scattered production lines. The business, in short, tends to become unwieldy and inefficient because of its great size.

**Big Business in Our Present Economy** Having considered the forces which have brought about the growth of big business, we may now ask just how extensive this growth has been and to what degree small businesses have been replaced.

A study published by the Twentieth Century Fund in 1937, *Big Business Its Growth and Its Place* presents some interesting figures on the extent to which big business dominates American economic life. In cigarette making in 1933 the eight largest firms employed 99.4 per cent of all the workers in the industry. On the other hand, in the women's clothing industry, the six largest firms employed only 3.7 per cent of the industry's total workers. Of all American economic activity, including agriculture, 81 per cent was carried on by individuals, partnerships and small or medium sized corporations. Of the total national income produced corporations with assets of \$50,000,000 or more accounted for only 18.4 per cent. However, corporations of all sizes accounted for 57 per cent of the national income and 594 of the largest corporations — 0.1 per cent of the total — owned more than half of the assets of all corporations put together.

We have already pointed out that there are limits beyond which size ceases to increase efficiency. This applies not only to the size of the individual plant but also to the size of the firm which may operate a number of plants. It is therefore not surprising to find that contrary to popular impression the giant corporation is not always efficient and profitable. Often it is organized by promoters who are concerned only with making quick profits by financial manipulation. They expect to sell out their interest as soon as possible and care very little whether the corporation can make money afterwards. Further the successful management of a supercorporation requires unusual

skill and if control falls into the hands of businessmen of only average ability the results are likely to be very disappointing. Even with good management a great combination is sometimes so unwieldy that it is relatively less profitable than the smaller units from which it was formed. And in those cases where it is strikingly successful its success frequently comes from monopoly power over prices rather than from greater efficiency and lower costs. If proof is desired that great size alone does not guarantee the success of a business it may be found in the fact that of the 101 largest corporations in 1919 20 had either gone into receivership or had been reorganized to avoid receivership by the end of 1934.<sup>1</sup>

**Some Problems Created by Big Business** Is the growth of big business which we have been describing something to be encouraged or discouraged or should we be quite indifferent to it? That much of it has been necessary in order to obtain the benefits of modern machine technology is clear. That some of it has not increased productive efficiency but has been motivated by the desire for promotional or monopoly profits is equally clear. In both cases convenient legal devices created by legislatures and courts have helped the movement along. But whether it has increased productive efficiency or not whether it has been inevitable or not the growth of large scale enterprise has unquestionably created serious social problems.

At the beginning of this chapter we listed three things which make the growth of bigness in business a problem. Each of these three is a problem in itself and the source of many other problems.

*The Elimination of Small Business Units* Let us return, first to the effect of big business in driving out small business. In industries where this occurs because big business can produce at lower costs there is a gain to the community if the savings are passed on to the consumer. But there is also hardship for many small businessmen, and if they can they are likely to bring political pressure for legislation to restrain their larger rivals. The anti chainstore laws passed in many states in recent years are an illustration of this. But it is not always greater efficiency which gives big businesses an advantage. Sometimes they have suc-

<sup>1</sup> Alfred L. Bernheim *et al.* *Big Business Its Growth and Its Place* The Twentieth Century Fund New York 1937 p. 101

ceeded in driving out their smaller competitors merely because they had more power and were able to employ unfair competitive methods

Small business seems likely to hold its own in many fields for a long time to come. Nevertheless on the whole its range has been narrowing. More and more men who in the past would have been self-reliant enterprising owners of a small business are becoming corporation employees. This reduction in opportunities to achieve economic independence can hardly fail to bring many social changes.

*Concentration of Power* The second problem which big business creates is the increasing concentration of economic and political power in the hands of small groups. It is true that the stockholders of many of our great corporations run into the tens and even hundreds of thousands. Real control however is either in the hands of a few large stockholders or the management—that is the board of directors. Where the bulk of the stock of a very large enterprise is widely scattered among small holders it is almost impossible to break the hold of the board. The board and the officers it appoints are the only group in a position to get proxies<sup>1</sup> from the bulk of the stockholders. With the aid of these proxies they can vote approval of almost any policy they like, perpetuate themselves in power and dictate the selection of new board members as vacancies occur. Some of the greatest of our corporations furnish the livelihood directly and indirectly for hundreds of thousands of people. Control of such corporations means control of the lives of their workers. It also means control of wealth which can swing elections, buy or put pressure on large sections of the press, give preference before the law and at times pervert our democratic institutions into tools of injustice and oppression.

The tendency of big business to fall under the control of small groups is intensified by the existence of interlocking directorates. It is not at all unusual in the case of industrial and financial leaders to find that the same man is a director in a dozen or a score of important corporations.

*Creation of Monopolies* The third problem growing out of large scale enterprise is monopoly. A monopoly is not always big, nor

<sup>1</sup> A proxy is the assignment by a stockholder of his right to vote.

is a big business always a monopoly. If you are the only coal dealer in a very small village you may have a monopoly. If you have a patent on some unimportant gadget, you are a monopolist even though you manufacture it in your own basement with your own labor. Nevertheless it remains true that the modern expansion of monopoly in business is chiefly a by-product of mass production and the trend toward very large business units.

The important thing about monopoly is that it gives those who have it the power to control production and prices and a very large business even though it is not strictly a monopoly often has a good deal of such power. As long as there are hundreds or thousands of producers in an industry, it is useless for any one of them to try to control production or price and it is impossible to get them all to act in agreement. But in an industry where mass production has great advantages the number of competitors becomes smaller and smaller as the size of the typical business unit grows. Finally there may be only a few firms left. When that point is reached we have the situation described in Chapter 13 as oligopoly which can easily develop into outright monopoly.

The antitrust laws to be sure may prevent the remaining firms from merging into a single corporation, or from making open agreements to control price and production. But the firms do not need to do this. They can obtain the advantages of monopoly almost as well by mere tacit cooperation on price policies. For example some one company becomes recognized as a leader and the others for their mutual advantage and without any explicit agreement raise or lower their prices whenever the leader does. If such tacit cooperation is not sufficient, it is often easy to make informal and perhaps secret, gentlemen's agreements. Or again a mere exchange of views may result in an effective implied agreement.

We shall have a clearer grasp of the problem if we understand the degree of monopoly that may exist in an industry usually thought of as highly competitive. Take automobile manufacturing as an illustration. Production is controlled by three super-corporations and half a dozen large "independents." Presumably automobile producers have made no agreements regarding output, prices, or the kind of cars to be produced, yet it is a far

cry back to the days when one of them was bending every effort to expand his market by turning out a sturdy practical car at the lowest possible price. Today because they are few automobile makers find it advantageous and relatively easy to follow certain common policies. For one thing the low priced cars of all the important producers are comparatively luxurious vehicles selling at similar prices.

The weakening of price competition is usually a sign that an industry is approaching monopoly—that is to say unity of action on the part of producers. This does not necessarily mean that all competition disappears, but the kind of competition remaining is not always socially desirable. For example, people who can scarcely afford a car are not given the choice between an unpretentious and economical car and a relatively luxurious model. They must either go without, take a secondhand vehicle whose upkeep will be costly, or choose among rather expensive cars that make competing claims regarding size and special features. Or again, where price competition is avoided, producers are likely to compete by expanding their advertising outlays instead, all at the expense of the consumer.

**The Problem of Preserving Competition** It has long been widely recognized that monopoly is socially undesirable because it confers on ordinary business firms the power to tax the public for private benefit. And it is public resentment against paying high prices to enrich monopolists that has been responsible for most of the agitation for business regulation. But it is not so generally recognized that monopoly is in large part responsible for unemployment and business depressions. It would, of course, be very misleading to attribute depressions solely to monopoly, but there is little doubt that it does intensify and prolong them.<sup>1</sup>

When we said that monopoly as we find it today is largely a by-product of large scale business, we did not mean to imply that it is something new in the world. It is possible that there was more outright monopoly before the industrial revolution than there is now. Certainly in earlier times there was a great

<sup>1</sup> For a discussion of the effect of monopoly in restricting production and the utilization of labor and other resources see *Organized Scarcity and Public Policy* (Public Policy Pamphlet No. 30) by Harry D. Gideonse, University of Chicago Press, Chicago, 1939.

deal of restriction of trade and industry by custom by the trade guilds and by law

But the causes of monopoly before the machine age were somewhat different from the causes of it today. Some of it was created by governments through the granting of exclusive privileges to favored groups.<sup>1</sup> More of it was local resulting from the great difficulties and expense of transportation. When there were no railroads and even ordinary roads were little more than mud trails most people had to deal with the neighborhood miller or merchant or shoemaker. Even if there were several of these in a given locality it was easy for them to get together and organize to control the trade. At one time the favorite way of doing this was to form a guild.

Adam Smith the Scottish philosopher whose great work *The Wealth of Nations*, has made him the outstanding figure in the history of economic thought, lived most of his adult life in the latter half of the eighteenth century. More clearly than most people, he saw the great benefits of competition in stimulating economic effort and bringing about the more effective use of a nation's resources. To free competition from hampering restrictions, he advocated a policy of laissez faire that is less government interference in business. Gradually this point of view became the generally accepted one and in the early nineteenth century business in England experienced a degree of freedom never known before. At the same time the rapid development of means of transportation was effectively breaking the hold of many local monopolies.

But the modern problem of maintaining free competition is of a different nature. A century of technological progress has brought an age of mass production and big business. Laissez faire instead of breaking up monopolies, now encourages their formation. Today if competition is to be preserved in as wide a field as possible we must again resort to government regulation. But it must be government regulation of the right kind. It should not be designed to restrict production, or maintain prices or protect any vested interest. Instead it should be

<sup>1</sup>It is not of course true that government created monopolies have entirely disappeared. While they are no longer granted openly on the basis of political favoritism they still exist in such forms as franchises patents and copyrights.



designed to prevent all those developments in business that tend to stifle competition except where competition is clearly disadvantageous to the community<sup>1</sup> Especially it should prevent monopolistic combinations, perhaps it should even penalize great size, when it is not plain that size is really essential to efficiency

**The Control of Monopolistic Big Business** Some people believe that big business has about reached the limit of its growth and that, therefore we need not worry too much about it Some even prophesy a trend in the near future toward smaller enterprises They call attention for example to the long distance transmission of electric power Before such transmission was possible, small factories were greatly handicapped by the relatively high cost and inefficiency of small power plants Now any shop however small, can have available just the amount of power it needs The cost is relatively low and no expense is incurred when power is not in use

But in spite of this and some other developments that favor small business it is the belief of the writer that there is still a trend toward the large unit (1) because there are still a number of industries in which technological progress will make larger plants necessary if the fullest and most efficient use is to be made of machinery (2) because there are still economic advantages to be derived from the monopoly power that often goes with great size

If we not only have big business with us, but are likely to get more of it the question of how to control it in the public interest becomes very vital In attacking the problem we have three choices First we might try by legal or other measures to maintain competition This would mean preventing the further development of great monopolies and breaking up some of those already in existence Second we might admit that both monopoly and great size are necessary in certain industries and concentrate our energies on securing efficient government regulation Third feeling that regulation could never be a satisfactory solution we might resort to government ownership of all industries in which competition could not be maintained Of course none of these methods entirely excludes the others

<sup>1</sup> See Henry C. Simons *A Positive Policy of Laissez Faire* University of Chicago Press Chicago 1934

Let us consider the possibility of preventing the further growth of monopolistic big business or, what would be even more difficult, breaking the hold of such concentrated economic power as already exists. Some of our greatest combinations would hardly have been possible had not convenient legal devices like the holding company been available. Some of them would certainly not have been possible had the antitrust laws been clear cut *and had the courts and public opinion stood behind them*. But while at one time public resentment against the trusts was very strong neither the people nor the courts have really understood the nature of the problem and in recent years, unfortunately interest in it has declined.

Antitrust laws are not the only conceivable way of preventing monopoly. Another possibility would be for the government itself to enter business and compete with existing firms where private competition was lacking. This, of course would involve government ownership but the idea would be not for the government to supplant private business but merely for it to guarantee the maintenance of competition. One may reasonably suspect, however that if such a policy were pushed very far it would end in complete government ownership of the industries involved.

The Tennessee Valley Authority is an illustration of an attempt to control private enterprise by setting up government competition. It is not however a clear cut case because government sponsorship of the TVA was defended largely on the ground that it was necessary for flood control. The production of power was perhaps, secondary. In any case, the idea seems not to have been so much to provide direct competition with private companies as to set up a 'yardstick' of costs. Some of the sponsors of the project thought that if the TVA could demonstrate that electric power could be produced at low costs, the public would demand that private companies lower their rates and state regulatory bodies would have a basis for judging what reasonable costs of producing power should be. The validity of such a comparison would, of course depend on whether or not the government cost figures included all the items of expense that a private company would have to meet. Some of the critics of the TVA say that in calculating costs it omits certain items which should be included.

There are those who believe that if we developed a strong consumers cooperative movement in this country it would do a great deal to restore competition. The chief interest of a consumers cooperative no matter how large is to increase the purchasing power of consumers by keeping down the cost of goods. If the cooperatives were powerful enough, they might themselves undertake the production of many commodities and so break down the price maintenance policies of private business. To a limited extent the Swedish cooperatives have been successful in doing this very thing. For example by establishing their own factory they broke the monopoly of the cartel<sup>1</sup> controlling electric light bulbs, and brought about a great reduction in prices. In doing this sort of thing they have contributed not only to an increase in consumer purchasing power but also to the maintenance of employment and general prosperity.

Whenever monopoly exists and we are unable or unwilling to restore effective competition, it may be necessary in the public interest to resort to government regulation or outright government ownership. In this country municipal ownership of local utilities is not uncommon. However in the case of our larger enterprises we have placed our reliance almost entirely on regulation. In the following pages we shall deal briefly with the history of our attempts to regulate industrial combinations.

**Forms of Industrial Combinations, or Trusts** From the time of the Civil War to the present in certain industries the existence of relatively few firms and a national market has made monopolistic combinations possible. The principal forms which these combinations have taken may be distinguished as follows: (1) simple agreements (2) pools (3) trusts in the technical sense (4) holding companies (5) consolidations. To these might be added trade associations for the trade association is sometimes used as an agency for effecting monopolistic agreements.

Simple agreements need no extended discussion. They may be open or secret, written or oral, or merely implied, as in the case where the firms in an industry have all adopted the policy of

<sup>1</sup> A cartel is a form of business combination in which the member firms retain independence except as to prices and the amount of product produced. Each firm is allotted an agreed output and they all sell through a common agent or company in which each has a proportionate interest. Cartels are common in Europe but illegal in this country.

following the actions of a leader. The pool is a rather formal agreement intended to secure uniform action in limiting production and maintaining prices. It does this by allotting to each participant in advance a definite portion of the business to be done. Sometimes the allotment is a certain part of the agreed total output, sometimes a certain market area, sometimes a certain part of the total earnings. The nature of a holding company has already been explained, and the trust will be dealt with a little later. A consolidation is merely a large corporation which has absorbed the properties of a number of smaller companies. The original companies are dissolved and completely lose their identity.

Simple agreements have been and still remain one of the important means of monopolistic combination. They have the disadvantages of being temporary, unenforceable, and usually illegal, but if they are secret or merely implied it is generally impossible to prove their existence. In the earlier days of the combination movement after the Civil War pools were widely used. Later, however, they were abandoned, not only because they were unenforceable, but because they were made illegal by statute. Then came the trust, to be followed in turn by the holding company. Consolidation has, of course, been available from the beginning as a method of combination, but it often has disadvantages in comparison with other devices.

The technical meaning of the term "trust" should be carefully distinguished from the popular meaning. In the United States any monopolistic industrial combination of great size has commonly been called a trust. Today the word is slowly disappearing from popular use, but at one time the trusts were the chief topic of discussion in political speeches, on the lecture platform, and in the newspapers and magazines. At its height public antagonism to this form of big business was so strong that the most effective way of damning any enterprise was to hang the trust label on it.

In a legal sense a trust is merely a trust agreement or trusteeship. The founders of the Standard Oil Trust, our first great industrial combination, decided that a trust agreement would be the most convenient way of bringing together a number of

independent firms under one management. The first Standard Oil trust agreement was made in 1879 to be superseded by a more permanent one in 1882. The arrangement involved was very simple. The shares of stock or the properties of the combining firms were turned over to a board of nine trustees with the result that this board had complete control of all the firms. The original owners received in exchange trust certificates which were transferable like shares of stock. The Standard Oil Trust succeeded so well that other trusts were soon established.<sup>1</sup>

About a dozen years later the trust was declared illegal as a form of business organization and was replaced by other devices but the word trust continued in general use because by that time it had become the popular designation for any monopolistic combination.

**Competitive Practices of the Trusts** The early trusts engaged in many practices which aroused strong public resentment. The Standard Oil Trust illustrates this well.<sup>2</sup> One of its favorite methods of eliminating competition was to sell below cost in a competing company's territory until the latter was forced out of business. Meanwhile the trust whose operations covered the country could make up the losses by charging monopoly prices in other areas. Another method it employed very effectively was to force the railroads to give it rebates which were not available to its competitors. Because it controlled a very large amount of freight the mere threat of shifting all its traffic from one road to another was usually sufficient to gain concessions. Sometimes the trust found it difficult to put competitors out of business. In that case it usually succeeded in buying them out if necessary at high prices.

Other trusts employed similar methods of eliminating competition and devised additional ones. The American Tobacco Company, for example, to avoid the public ill will it had aroused through its monopolistic practices set up dummy concerns which were represented as independents. These put out fighting

<sup>1</sup> Henry R. Seager and Charles R. Gulick, Jr., *Trust and Corporation Problems* (Harper & Brothers, New York, 1929). For a description of the Standard Oil Trust of 1882 see pp. 49-50.

<sup>2</sup> *Ibid.* For a review of the history and practices of the Standard Oil Trust see *ibid.* Chap. 8.

brands' of merchandise to compete with the trust. One of the best known of these fighting brands was the Battle Axe Plug chewing tobacco so popular just after the turn of the century.<sup>1</sup> But whatever the method used to destroy competition wherever it could be eliminated the public paid the bill several times over in high monopoly prices.

It is interesting to note that most of the unfair competitive practices of the trusts would either not be possible or not be regarded as unfair if competition were on equal terms among relatively small firms. Take price cutting for example. One of a number of small competing firms could not undersell its rivals to any advantage unless it were more efficient so that it could still make a profit. In this case under pressure some of its rivals would be likely to increase their efficiency too, and if competition continued the benefits would be passed on to the public in permanently lower prices. Only when one large firm is able to drive smaller competitors out of business by selling at a loss temporarily or locally and then recouping at public expense is price cutting unfair and contrary to the public interest.

**The Rise of the Antitrust Movement** Because the trusts and their methods were something new in the economic situation there were no legal provisions to deal adequately with the problems which arose. Under the common law the principle had long been established that contracts in restraint of trade were unenforceable, though there were some exceptions to this where the restraint was 'reasonable'. But the common law had been developed to meet situations very different from those created by the activities of the trusts. While it made agreements in restraint of trade unenforceable it did not make them criminal, and in no way interfered with them if they were carried out voluntarily. Moreover it laid down no principles for dealing with industrial monopoly as such.

As has already been mentioned, the earliest attempts in this country to control monopolistic big business were aimed at the railroads. But up to 1887 when Congress passed the Interstate Commerce Act relatively little attention had been given to

<sup>1</sup> Henry R. Seager and Charles R. Gulick Jr. *Trust and Corporation Problems* Harper & Brothers New York 1929. For a review of the history and early practices of the tobacco trust see *ibid* Chap. 10.

industrial monopolies. However, the two year Congressional investigation which preceded passage of this act brought to light much information concerning the character and tactics of industrial combinations and this led to a widespread demand for antitrust legislation.

During the next few years bills forbidding combination were introduced in state legislatures all over the country and by the time Congress passed the Sherman Act in 1890 about half the states had antitrust provisions in either their constitutions or their statutes. Among the purposes of state antitrust legislation were (1) to make positively illegal and criminal agreements to restrict trade, which under the common law were merely unenforceable (2) to forbid the creation of monopolies and (3) to forbid specifically certain monopolistic practices like pooling, limitation of output and price fixing. But the problem of industrial monopolies could not be dealt with effectively by state action, for the activities of the great trusts covered the entire nation.

**The Sherman Antitrust Act** In section 8, article 3 of the Constitution of the United States, Congress is given the power to regulate interstate and foreign commerce, and it is on this power that federal antitrust legislation is based.

The Sherman Act was passed under strong pressure of public opinion. Its principal provision is found in the first sentence of section 1. Every contract, combination in the form of trust or otherwise, or conspiracy in restraint of trade or commerce among the several states or with foreign nations is hereby declared to be illegal. Section 1 also states that any person who shall make such a contract, or engage in such a combination or conspiracy shall be fined not over \$5000, or imprisoned not over one year. Section 2 provides the same penalty for anyone who shall monopolize trade and section 7 says that anyone injured by any thing forbidden in the act may sue for triple damages.

There has been much difference of opinion as to the effectiveness of the Sherman Act. Its criminal provisions have never been enforced except against a few labor leaders. And certainly it did not stop the combination movement. In the first decision under the act to be handed down by the United States Supreme Court (the *E. C. Knight or American Sugar Refinery* case 1895),

it was held that a combination of sugar refineries even though it resulted in a virtual monopoly of the business was not illegal. The argument was that though a combination of manufacturers might indirectly tend to restrain interstate trade this result was only incidental and not within the meaning of the act. The effect of this decision was to convince big business that it had little to fear from the Sherman Act. And though the Addyston Pipe case (1899) somewhat modified this judgment by showing that in some cases the act could be enforced, in the years from 1897 to 1903 as already mentioned more trusts were formed than in any similar period in our history.

Of course the effectiveness of the antitrust laws depends to a great extent upon the energy with which the administration in power institutes and pushes prosecutions. After the Sugar Refinery case President Cleveland thought that control of trusts would have to be left to the states. And President McKinley who succeeded him made little attempt at enforcement because he was definitely favorable to big business. But with the accession of Theodore Roosevelt to the presidency, a period of more vigorous prosecution began.

Theodore Roosevelt's two administrations, 1901-1909 were the period of 'muckraking' and 'trust busting'. The term muckraking was applied by the president himself perhaps somewhat unfairly, to the sensational exposures of the trusts which were filling the newspapers and magazines of the day.<sup>1</sup> Roosevelt's trust busting campaign was more spectacular than effective. Nevertheless some progress was made. For one thing a federal Bureau of Corporations was created whose chief function was to investigate large business organizations.<sup>2</sup> For another a number of trust prosecutions were instituted and some Supreme Court decisions rendered which seemed to strengthen the Sherman Act.

Under President Taft, antitrust prosecutions were even more vigorous, and in 1911 the famous Standard Oil decision was rendered. It was in this decision that the famous 'rule of reason

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<sup>1</sup> Harold U. Faulkner *American Economic History* Harper & Brothers New York 1935. A brief discussion of muckraking can be found on pp. 540-541.

<sup>2</sup> The Bureau of Corporations was created within the old Department of Commerce and Labor on February 14, 1903.



was first laid down. Though the Sherman Act forbids restraint of trade with no qualifications, the majority opinion of the court held that Congress must have meant unreasonable restraint and the oil trust was dissolved on the ground that it constituted such unreasonable restraint. When trust agreements were declared illegal some years earlier the Standard Oil combination had been changed to a holding company and it was this organization the Standard Oil Company of New Jersey which was now ordered to dissolve.

However when the dissolution took place, each stockholder in the New Jersey company received his pro rata share of the stock of the thirty three subsidiaries. The result was that each of the former subsidiaries had identical stockholders and that all were controlled by the same small group of men who had controlled the parent holding company. At the time this seemed to many people to render the decision meaningless. But as time has passed and stock has changed hands through death and other causes, there has been a tendency for the Standard Oil group of companies to become more and more independent of one another.

### **The Clayton Act and the Federal Trade Commission Act**

When the Wilson administration took office in 1913 there was a strong demand for putting more teeth in the antitrust law. Many felt that the rule of reason weakened the Sherman Act and that the Standard Oil decision was farcical. Also there was a strong demand from labor for changes in the act which would protect the unions. Though it seems clear that the Sherman Act was aimed primarily at industrial combinations in a number of decisions it had been successfully invoked against organized labor. The most famous case was that of the Danbury Hatters.<sup>1</sup>

In 1914 to meet both these demands two important measures were passed the Clayton Act and the Federal Trade Commission Act. The Clayton Act was intended to do two things (1) strengthen the Sherman Act especially by forbidding a number of specific

<sup>1</sup> The Sherman Act forbids every contract combination in the form of trust or otherwise or conspiracy in restraint of interstate or foreign trade. While it makes no special mention of labor combinations its language is broad enough to cover them. In the Danbury Hatters case the U. S. Supreme Court held that a boycott sponsored by the United Hatters Union was a conspiracy in restraint of trade and approved a judgment of over \$250,000 against the officers and members of the union.

practices tending to lessen competition or create monopoly, and (2) exempt labor from the provisions of the Sherman Act. To some extent the first aim was achieved but the second was not because the courts interpreted the law in a way unfavorable to labor. The Federal Trade Commission Act was intended to provide a better administrative procedure for enforcing the antitrust laws especially in respect to the control of unfair trade practices. It created the Federal Trade Commission and defined its powers and functions.

The Federal Trade Commission replaced the old Bureau of Corporations but was given much wider powers. In addition to the function of investigating corporations subject to the antitrust laws it has the power to issue cease and desist orders against illegal trade practices. If these orders are not obeyed it may apply for action by the federal circuit courts of appeal.

**Effect of the Antitrust Laws and the Federal Trade Commission.** There is no way of estimating accurately the influence of the antitrust laws and the Federal Trade Commission because there is no way of knowing just what the situation would have been without them. Though the Federal Trade Commission has received a great deal of abuse, and has certainly not accomplished all that might be wished, there seems to be no question that it has had a strong restraining influence upon both unfair trade practices and monopoly. On the other hand, antitrust legislation is frequently assumed to have been pretty much a failure.

This is probably a false assumption. The limitations of our antitrust laws as interpreted by the courts are obvious. Nevertheless, it seems certain that they have exercised a tremendous influence on business. They were a warning that if public opinion were sufficiently aroused stronger measures would follow. Moreover they have enough teeth in them so that there is always the fear of successful prosecution. Without them monopolistic combination would probably have gone much farther in this country than it has.

**Recent Trends in the Regulation of Large-Scale Business.** Events of the First World War pushed the trust problem into the background and it never fully regained the public attention which it had once held. This was partly because so many other problems were pressing for attention, and partly because develop

ments of the war and postwar period had changed the attitude of the people toward big business. First the war had shown the advantages of unified control of some important industries for example, the railroads. Second the long period of antitrust agitation and the expansion of government regulation, had induced a more cautious attitude on the part of business leaders. The public be damned point of view had disappeared and more than ever before business formulated its policies with an eye on public opinion. Third, the eleven years immediately following the war were with one or two short interruptions a period of unprecedented prosperity and this encouraged a laissez faire policy toward big business.

*The Webb Pomerene Act* One of the first results of the more tolerant attitude toward combinations was the passage of the Webb Pomerene Act in 1918. This measure was designed to meet the contention that American businessmen because of the prohibition of combination were at a disadvantage in competing in the export market with foreign cartels. It largely exempted from the provisions of the antitrust laws combinations for carrying on export trade.

*The Steel Decision* In 1920 the United States Supreme Court rendered its decision in the dissolution suit against the United States Steel Corporation. This famous case had been opened in the Taft administration long before the passage of the Clayton Act. Various factors, including the war, had delayed final court action. The effect of the decision was a weakening of the anti-trust laws. The court applied the rule of reason and held that it would not be in the public interest to dissolve the corporation, in spite of fairly clear evidence that the company had cooperated with others in monopolistic practices. Apparently, also the court was somewhat influenced by the argument that because the company did not produce quite half of the country's steel, it was not a monopoly.

*Revival of the Trend toward Monopoly* During the twenties there was no vigorous attempt to enforce the antitrust laws. In fact, there was a definite revival of the combination movement. This was a result not only of public indifference but of the fact that the Harding, Coolidge and Hoover administrations were all definitely favorable to big business.

With the coming of the depression one might have expected a revival of antitrust sentiment but the contrary was actually the case. Many people especially businessmen were convinced that the antitrust laws were an obstacle to recovery. They thought that if business firms were allowed to cooperate to control prices and production, the problems of the depression could be solved. Partly as a result of this belief the National Industrial Recovery Act was passed permitting each industry to establish a code to bind all members. Though the United States Supreme Court finally declared the act invalid during the short period of its operation it did a good deal to encourage price fixing and other monopolistic practices.

*The Robinson Patman and Miller Tydings Acts* Two rather recent measures that should be mentioned are the Robinson Patman Act (1936) and the Miller Tydings Act (1937). Both were intended to protect the interests of the small merchant against the encroachments of the chain stores and mail order houses.

The Robinson Patman Act limits the amount of price reduction given for large orders as against small ones to due allowance for differences in the cost of manufacture, sale or delivery, and under certain circumstances permits the Federal Trade Commission to fix arbitrary limits on such price concessions.<sup>1</sup> Insofar as this act prevents large buyers from using their concentrated purchasing power as a bludgeon to exact otherwise unwarranted price reductions from manufacturers it is highly commendable. If however, it should be so administered as to prevent large buyers from getting the benefit of genuine economies which manufacturers effect by selling in quantities its effect will be to protect uneconomic small merchandising units at the expense of the consumer.

The Miller Tydings Act is designed to permit manufacturers to fix the resale price of their products. Formerly resale price fixing agreements were illegal. A change in their status was desired not only by small retailers but by many manufacturers. Ostensibly the thing desired was to prevent the chains from selling well known trade marked products at below cost as loss leaders. The manufacturers felt that this damaged the reputation of their

<sup>1</sup> Myron W. Watkins *Public Regulation of Competitive Practices in Business Enterprise* National Industrial Conference Board, New York, 1940, p. 49.

products the small merchants, that it was unfair competition. However from the standpoint of the consumer the act is highly undesirable because its most important effect is to protect needlessly wide margins between wholesale and retail prices. The consumer's defense, of course is to buy cheaper brands like those put out by the chains themselves. Many of the states now have their own statutes similar to the Miller Tydings Act.

*The TNEC and the New Attack on Monopoly* In the last few years there has been developing among students of economic problems a deeper understanding of the part which monopoly and price controls played in bringing on the great depression and retarding recovery. Recently too this aspect of monopoly has been receiving more public attention. Partly responsible for this have been the Report of the Temporary National Economic Committee (TNEC) and the new antimonopoly campaign led by Assistant Attorney General Thurman Arnold.<sup>1</sup>

The TNEC was created by a joint resolution of Congress June 16, 1938. This action followed a message from President Franklin D. Roosevelt calling attention to the need for a thorough study of the concentration of economic power and its injurious effects on the American system of free enterprise. The findings of the committee have been published in extensive reports. In general its conclusions were as follows. The economic freedom of individuals is restrained and sometimes suppressed by large organizations against which they cannot protect themselves. This brings a demand for the constant expansion of government controls. Such controls however are unsatisfactory in themselves and tend to bring about an undesirable concentration of political power. A much better alternative would be to stop the concentration of economic power. To this end the government should do two things (1) enforce the antitrust laws and (2) develop positive programs to encourage and protect the growth of new private enterprise.

**The Cartel** A type of industrial combination of great importance in Europe especially in Germany, is the *cartel*. There is no general agreement on the definition of a cartel and actual examples show considerable variety in the way in which they are

<sup>1</sup> See Thurman Arnold *The Bottlenecks of Business* Reynal & Hitchcock Inc. New York 1940.

organized Nevertheless, the characteristics which distinguish the cartel from other types of combinations seem to be the following (1) Unlike companies that enter a merger or are acquired by a holding company the members retain their separate identities and financial independence and may therefore at some future time resume independent operations (2) Some type of pooling is resorted to The members may be assigned production or sales quotas or they may be assigned certain territories (3) To facilitate the carrying out of such arrangements and the control of prices cartels often centralize sales in a joint sales agency called a *syndicate* and not infrequently the word *syndicate* is used to designate the cartel itself

In the United States, legislative and judicial development has been such as to outlaw attempts at industrial cartelization <sup>1</sup> but in many European countries cartels have been encouraged and cartel agreements are legally enforceable In a number of cases national cartels have made agreements with similar groups in other countries to form international cartels The usual purpose of such arrangements is first to reserve the home market to each national group and second to allot regional spheres in markets outside the countries in which the cartel members are located

Since the entry of the United States into the war there has been considerable controversy over the relations of some of our large corporations with certain international cartels dominated by enemy groups In some cases these corporations have been charged with making agreements, before the war which prevented or limited the production in the United States of some products which would have been very helpful to our war effort In most cases the accused companies have denied that any agreements were made that were injurious to American interests They have argued that it was necessary to make certain agreements in order to obtain for example the use of important German patents and that the United States gained much more than it lost from these arrangements

In general it may be said that the cartel movement like other phases of the combination movement has tended to restrict

<sup>1</sup>Karl Pribram *Cartel Problems* Brookings Institution Washington D C 1935 pp 154-5

production maintain prices, and limit competition and in this way it has strengthened the trend toward industrial monopoly

**Big Business and the Future of Free Enterprise** Our economic order is based on the principle of free enterprise. Within certain limits anyone who has enough capital can go into any business he pleases and operate it as he sees fit. In other words free enterprise (capitalism) means private ownership and control of business. Socialism on the other hand means ownership and operation of business by the government or some other group presumed to represent the public interest.

Unquestionably, both monopoly and great size in business create pressure for socialization of industry. When business is carried on by many small competitors what any one of them does is not a matter of much public importance and they can be allowed to do pretty much as they please. But when the prosperity of a city or a nation depends largely on the operations of a few great corporations their policies and management become vital matters of public concern. Moreover it is much easier for the government to undertake either the regulation or the operation of a few great businesses than of many small ones. Business itself, in other words by organizing into very large units is paving the way for socialization. That this is true is apparent from a study of what has happened in Germany and Italy in recent years.

In our country there is still a considerable amount of freedom even for large scale private business, but the trend of the times seems to indicate that this is likely to grow less and less with each succeeding crisis of depression or war. It is then, a very vital question whether free enterprise can survive in America. Many economists think that it can do so only if the trend toward super-corporations can be checked and if competition can be preserved in large areas of our economic life. They believe that if the tendency toward bigness and monopoly continues without interruption it will inevitably lead to some form of state socialism.

#### TERMS TO BE UNDERSTOOD

monopoly  
joint stock company  
trust

holding company  
proxy  
tacit cooperation

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gentlemen s agreement	fighting brand
implied agreement	loss leader
pool	general incorporation act
consolidation	optimum size
interlocking directorates	division of labor
muckraking	laissez faire
unfair competition	free enterprise
rule of reason	cartel
	syndicate

### QUESTIONS FOR DISCUSSION

- 1 Explain why big business has had such a growth in the United States in the last seventy five years
- 2 To what extent does big business control American industry today?
- 3 Is it entirely true that the bigger a business the more cheaply it can produce goods and services? Explain
- 4 What seem to you the most serious problems created by big business?
- 5 Explain the relation of great size to monopoly
- 6 What are the social effects of monopoly?
- 7 How is the monopoly problem today different in nature from what it was before machine technology reached an advanced stage?
- 8 To what extent in your opinion can business competition be preserved? By what methods?
- 9 Describe the principal types of industrial combinations
- 10 Account for the rise of the antitrust movement
- 11 What were the purposes of the Sherman Antitrust Act? What were its weaknesses?
- 12 State the chief purpose or purposes of each of the following the Clayton Act the Federal Trade Commission Act the Webb-Pomerene Act the Robinson Patman Act the Miller Tydings Act.
- 13 What on the whole have been the effects of the antitrust laws?
- 14 What has been the result of attempts to regulate unfair trade practices?
- 15 What are the distinguishing characteristics of a cartel? Does the cartel form of combination concentrate control of an industry as completely as the holding company or the merger?
- 16 In what ways does the growth of large scale business create a trend toward socialism? Can this trend be checked?

### FOR FURTHER STUDY

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## CHAPTER 15

# AGRICULTURE

## AGRICULTURE IN AMERICAN HISTORY

It is only in recent years that Americans have become aware of the gravity of the problems confronting agriculture. The United States Department of Agriculture was established in 1862, but did not acquire Cabinet status until 1889. The study of rural life and problems received very little attention during the period of our national expansion as long as there was plenty of free land and a frontier to be conquered. It was not until 1908 when President Theodore Roosevelt organized his now famous Country Life Commission that the conditions of existence the problems and the aspirations of the rural people of the United States were boldly called to national attention <sup>1</sup>. Since then and especially since the advent of the great depression of the thirties the needs of the rural sections of the United States have been widely recognized and what is commonly known as the farm problem has come to occupy a central position in national policy.

National agricultural policy is not explicitly set forth in a single law nor in combinations of laws. It is rather a set of fluctuating attitudes only partially revealed in a succession of laws of varying importance. Indirect approaches in the form of governmental action relating to taxation tariffs transportation international trade labor credit and resources may affect the well being of the agricultural population as significantly as direct measures. If we would understand our national policy with reference to agriculture therefore we must take account of the whole complex of governmental intervention influencing the conditions under which farmers live and agriculture is carried on.

<sup>1</sup> The classic report of this Commission marks the real beginning of the country life movement in the United States. The movement that resulted is today carried on by the American Country Life Association. J. H. Kolb, *A Study of Rural Society Its Organization and Changes*. Houghton Mifflin Company Boston 1935 p. 2

The various measures government has taken to improve the lot of our rural population cannot be adequately evaluated however, without a prior consideration of what the agricultural problems have been throughout our history and the forces responsible for the emergence of these problems It is appropriate therefore to review briefly the major trends in our agricultural history and to follow in somewhat greater detail the salient factors that have shaped the farm problem at various stages of our national development

## DEVELOPMENT OF AGRICULTURE IN THE UNITED STATES

**Land Policy** For almost three hundred years the greatest single influence on American agriculture was the existence of a vast supply of unoccupied land readily accessible to the people through the liberal land policy of the government

From the beginning of the Federal Government the conviction prevailed that the progress and prosperity of the Nation would best be promoted by private land ownership and therefore that the public domain should be rapidly distributed into private ownership During the next hundred years this principle predominated in national land policies <sup>1</sup>

In colonial days anyone could purchase from the government as much as 640 acres for \$1 00 per acre In 1800 320 acres could be had for \$2 00 per acre In 1820 an act was passed enabling the acquisition of 80 acre tracts for \$1 25 an acre Encouragement of settlement and of individual farm ownership continued to 1891 The Preemption Act of Congress in 1841 even recognized the vested interests of squatters who had established farms and homes on the public domain and proclaimed their rights of possession This policy was further liberalized by the passage of the Homestead Act in 1862 which permitted the head of a family to obtain 160 acres of land practically free of cost by residing on it for five years A limited amount of land had been granted to individual owners as an inducement to or reward for military service

<sup>1</sup>L C Gray Our Major Land Use Problems and Suggested Lines of Action  
*Yearbook of Agriculture* 1940 U S Government Printing Office Washington 1941  
p 403

Paul V Maris Farm Tenancy *Yearbook of Agriculture* 1940 p 888

Large amounts were sold at auction. ' Hundreds of millions of acres were transferred to the ownership of States and corporations through the swampland grants grants in aid of education and grants to subsidize the construction of wagon roads canals and railways. <sup>1</sup> In a relatively short time frontier after frontier was passed. Hardpressed eastern farmers and townsmen moved westward and European immigrants came to this country in such numbers that by 1890 the United States census could report

There can hardly be said to be a frontier line and by the beginning of the First World War our vast domain of 14 000 000 000 acres could be considered settled

Hand in hand with the liberal land policy of the government went the fever of land speculation that seized the American people decade after decade. Railroad and land companies sold large tracts and parcels of land without either buyer or seller knowing anything about where or what the land was and with the sole purpose of transferring the title at a profit. It soon became clear that instead of encouraging the orderly settlement and intelligent use of the land and the establishment of family owned farms these governmentally encouraged practices were creating acute problems of maladjustment among the agricultural population and indeed for the country at large. In 1891 the policy of putting public lands into the unrestricted use of private individuals and corporations began to be abandoned and the Federal government inaugurated a program of reserving land in the public domain covered with timber and brush (amounting to nearly 195 000 000 acres in the next decade and a half). This was followed by a series of measures designed to reacquire conserve and improve the natural resources of the country and to remedy some of the disastrous consequences of unplanned settlement and of recurrent agricultural depressions.

**Mechanization and Technology** Our early farms especially in the North were self sufficient enterprises in which farming implements as well as other items were made by the members of the family. In the latter years of the eighteenth century the cradle and the scythe, which had been brought in from Europe came into wide use. In 1793 the cotton gin was invented. The nineteenth century added the iron plow the hayrake mower

<sup>1</sup> L. C. Gray *op cit* p. 404

reaper straddle row cultivator wire binder cream separator the threshing machine and even the grain elevator

The cotton gin was the first great invention to help commercialize the production of cotton the mowing machine the reaper the binder the threshing machine the header and the combine developed commercial agriculture in hay corn wheat and other cereals By 1890 most of the basic potentialities of agricultural machinery dependent on animal power had been discovered The tractor has revolutionized agricultural production since 1920 more than any other one machine In 1939 there were in use an estimated 1 626,000 in the United States Probably 60 per cent of the farms large enough to use motor equipment used tractors in 1940<sup>1</sup> More recently the combined harvester thresher has come into wide use Technology is not merely a matter of machines, however it involves the application of science in many forms

Technology is science, art, and invention It is tractors combines corn pickers It is the testing and breeding of animals and the conquest of diseases It is hybrid corn ways to feed cows road building and rural electrification contour plowing conservation management of forests marketing and distribution ways to kill [insect pests] It is a social and economic force<sup>2</sup>

Increasing mechanization was responsible for the great reduction in the amount of farm labor<sup>3</sup> needed for production In 1850 about 30 to 35 man hours of labor were required to produce 1 acre (40 bushels) of corn By 1890 the time had decreased to 14 to 16 hours and by 1930 it was reduced to 6 to 8 man hours Many displaced agricultural workers were therefore forced to seek employment in industry,<sup>4</sup> as will be shown more fully later

The use of mechanical power moreover has released for cash production millions of acres of land that was formerly devoted to raising feed Improvements in plant culture and cultivation have brought about greater yields and higher qualities Even conservation has created shifts in crops and land uses On the

<sup>1</sup> U S Dept of Agriculture *Technology on the Farm* U S Government Printing Office Washington D C 1940 pp 9-10

<sup>2</sup> *Technology on the Farm* p 3

<sup>3</sup> Mechanization also eliminated the need for nearly 10 million horses and mules

<sup>4</sup> Obviously such a great displacement of labor met with opposition some workers even broke the machines they thought would eliminate their jobs

industrial side new uses have been made of farm products frozen packing synthetic textile fibers plastics vegetable oils and so forth

Economic adjustment to technical progress has lagged far behind the adoption of machinery and scientific methods and has probably affected the farmer more than industry For instance the use of hybrid corn increased corn production by 100 million bushels in 1939 <sup>1</sup> Such surpluses brought about by technology have appeared faster than they were consumed and thus affected market prices adversely for the farmer Industry has more control over its markets and its prices Furthermore the greater efficiency and better products achieved by technology have benefited the consumer more than the farmer

It is not only in agricultural production however that mechanization has had revolutionizing effects but in farm life generally Especially through the use of the automobile and electricity for lighting and power rural living has acquired some of the labor saving and comfort giving features formerly obtainable only in cities By 1940 approximately two million farms or about 29 per cent, had electricity In the Pacific states about 78.5 per cent of the farms had current whereas in the West South Central states only about 10 per cent had it Since 1926 there has been more than a threefold increase in the quantity of electrical energy consumed by farmers <sup>2</sup> That technology has had and will have other far reaching influences on agriculture will become apparent in succeeding sections of this chapter

**Economic Organization** In 1790 over 90 per cent of the nation's gainfully occupied persons were engaged in agriculture But even then there were considerable regional differences in the type of agriculture that was carried on The New England farmers for the most part raised a variety of products for their own or relatively local consumption The farmers of the middle colonies raised a considerable amount of grain and livestock for the market and the plantation owners of the South grew such staples as tobacco, rice and indigo much of which was exported

Improvements in transportation, the opening of the West and the rise in farm prices during the last decade of the eighteenth century stimulated agricultural production New commodities

<sup>1</sup> *Technology on the Farm* p 21

*Ibid* pp 15-16

such as cane sugar in Louisiana and hemp flax and livestock in the western states came into production. Probably the most significant development of this period, however, was the rise of cotton growing, especially for export. The great reduction in the cost of cotton made possible by the use of the cotton gin was a tremendous stimulus to cotton consumption. By 1801 over 8 million pounds were exported from South Carolina alone.<sup>1</sup>

The later opening up of foreign markets, the growth in population and further improvements in transportation resulted in an expansion of the market which completely transformed the economic organization of agriculture. Commercial farming and specialization began to displace subsistence farming and the farmer became more and more dependent — on the market for cash, and on industry for the products which he no longer supplied for himself.

In 1860 agriculture was still the dominant economic activity of the country. Its prosperity or depression largely determined that of the entire nation; its products were the chief basis of the country's manufactures and it furnished the bulk of the commodities entering the domestic and export trade. The development of American farm machinery had increased by this time to a point where it could be said to have led the world.<sup>2</sup>

In the wake of the Civil War followed still further changes in agriculture, stimulated by mechanical improvements, transportation, the homestead policy, and especially the expansion of foreign and domestic markets. The trend was in the direction of commercial farming. This was a period of increased extension of railroad lines. Farmers became intensely interested in railroads (even to the extent of mortgaging their lands to buy railroad bonds) because they represented cheaper and more abundant transportation. Since the cost of transport was a large part of the farmer's burden, he was of course interested in improved and economical facilities.

The extension of railroads westward spurred the livestock and the dairy industries and permitted the shipment of fruits eastward from California. Cereals became an important product

<sup>1</sup> Chester Wright *Economic History of the United States* McGraw Hill Book Co 1941 p 271

*Ibid* p 360

In 1899 they constituted almost half of the total value of crops raised. Exports of grain and of meat and meat products grew. Competition became more severe and the farmer was forced to specialize in order to reduce costs of production to meet competition. The earlier trend in the tobacco and cotton growing areas toward raising a surplus for sale in a national and world market now spread to other commodities.

The marketing of agricultural products developed into a big business and led to the emergence of new economic institutions such as cotton and grain exchanges and commission houses. It was also accompanied by speculation in futures<sup>1</sup>, the rise of monopolies, exploitation of the farmer through high freight rates and excessive interest charges. The farmer was helpless to combat these forces and abuses; he had no organization to represent him. United action was slow and difficult to achieve. Local agricultural clubs having largely social and educational interests finally banded together into regional or sectional organizations which later assumed greater importance. The first prominent organization, however, was the National Grange, started in 1867. In addition to educational and social interests it gave special attention to cooperative enterprises. Although the Grangers met with short-lived success because of lack of capital and experience, they paved the way for the influential cooperative movement of later years. Following the decline of the Grange, the National Farmers Alliance and Industrial Union of America took the leading position among farm organizations. This was the outgrowth of the local agricultural clubs. In the early nineties, at the height of its power, this organization had around three million members.<sup>2</sup>

After the depression of the 1890's, which affected farmers more seriously than previous depressions, there followed a period of marked prosperity when farm prices and land values boomed and demand for exportable products increased. The expanding markets brought with them increased competition, more complex methods of distribution, and a wider disparity between the

<sup>1</sup> By futures is meant contracts for commodities to be delivered at a specified future date.

Chester Wright *Economic History of the United States* McGraw Hill Book Co 1941 p. 618



price the farmer received for his product and the price paid for it by the consumer. As trade increased in volume the various businesses that handled farm products grew in size and strength while the producer remained on the whole a small scale operator.<sup>1</sup> Farmers obviously became concerned about this situation and began to undertake various marketing functions themselves. This work was done largely through cooperative or semi cooperative associations.

**Recent Problems of Agriculture** The present problems of agriculture, however, spring largely from the First World War. The farmers of this country enjoyed unprecedented prosperity as a result of the war demand for farm products. Prices were high and farmers expanded production and took in new lands many of which had formerly been considered submarginal. Land values sky rocketed and loans to buy more land were freely granted by the banks. These loans often ran as high as 50 per cent of the new land values.

Before the war we were a debtor nation and paid to foreigners some \$200 000 000 annually mainly in interest and principal on investments which foreign countries had made in our industries and railroads. Under these circumstances it was natural that we should export more than we imported so as to enable us to meet these obligations abroad. Increased farm production enabled us to make exports of surplus farm products.

Our financing of the Allies during the war transformed us into a creditor nation. Instead of having to pay \$200 000 000 annually we were to collect from foreigners \$500 000 000 a year.<sup>2</sup> This complete reversal of our position should have made us revise our international trade to make us largely an importer rather than an exporter of goods. Instead however we were reluctant to give up the favorable balance of trade and continued to export. Although we continued to send farm products abroad prices were so low that the value of agricultural exports was cut in half in a single year.<sup>3</sup>

In 1929 over one quarter of all farms in the country yielded less than \$600 worth of products each including those consumed by the family less than 4 per cent of the farms produced over \$6000 worth each. *Ib id* p 614.

Broadus Mitchell and Louise Pearson Mitchell *Practical Problems of Economics* Henry Holt and Company Inc. New York 1938 p 283.

<sup>1</sup> *Ib id* p 284.

<sup>4</sup> *Ib id*

Foreign nations to pay their debts should have exported to us since we had already drained them of much of their gold. We made it difficult for them however by putting up tariff walls against their exports — by the Emergency Tariff of 1921 the Fordney McCumber Tariff of 1922, and the Hawley Smoot Tariff of 1930.

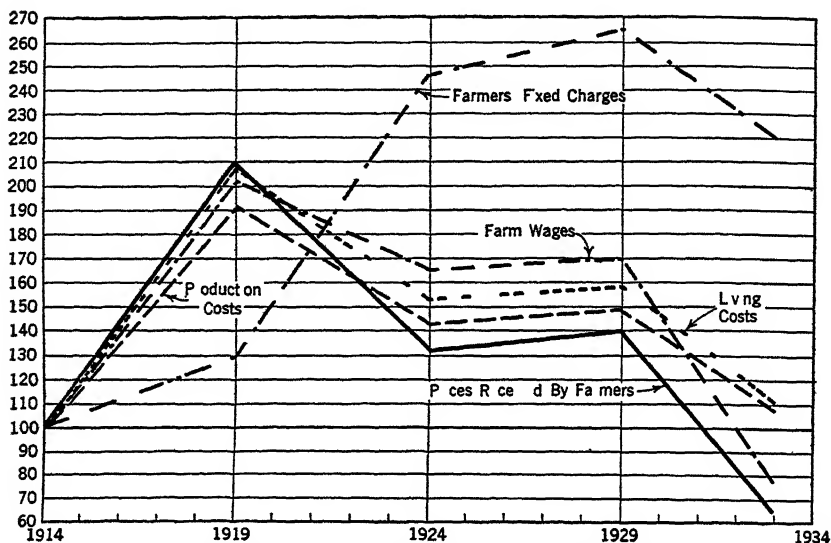


FIG 25 PRICES RECEIVED BY FARMERS AND FARMERS FIXED CHARGES  
UNITED STATES 1914-1933

From the World Almanac 1940 published by the *New York World Telegram*

Thus we were faced with an increased farm production which was slow to readjust itself to normal conditions. The price of farm products and farm land collapsed while costs remained high (see Fig 25). This caused thousands of bank failures in farm areas and hundreds of thousands of farm foreclosures. Furthermore while farm incomes dropped sharply the prices of the manufactured products which the farmers needed resisted price declines (see Fig 26). In explaining this disparity it should be noted that farm prices are determined in a competitive world market while many of the prices of goods the farmers buy are protected by high tariffs or are artificially pegged at high levels by monopolistic elements in industry. It should be noted that in 1914 the base year prices of farm products and of manu

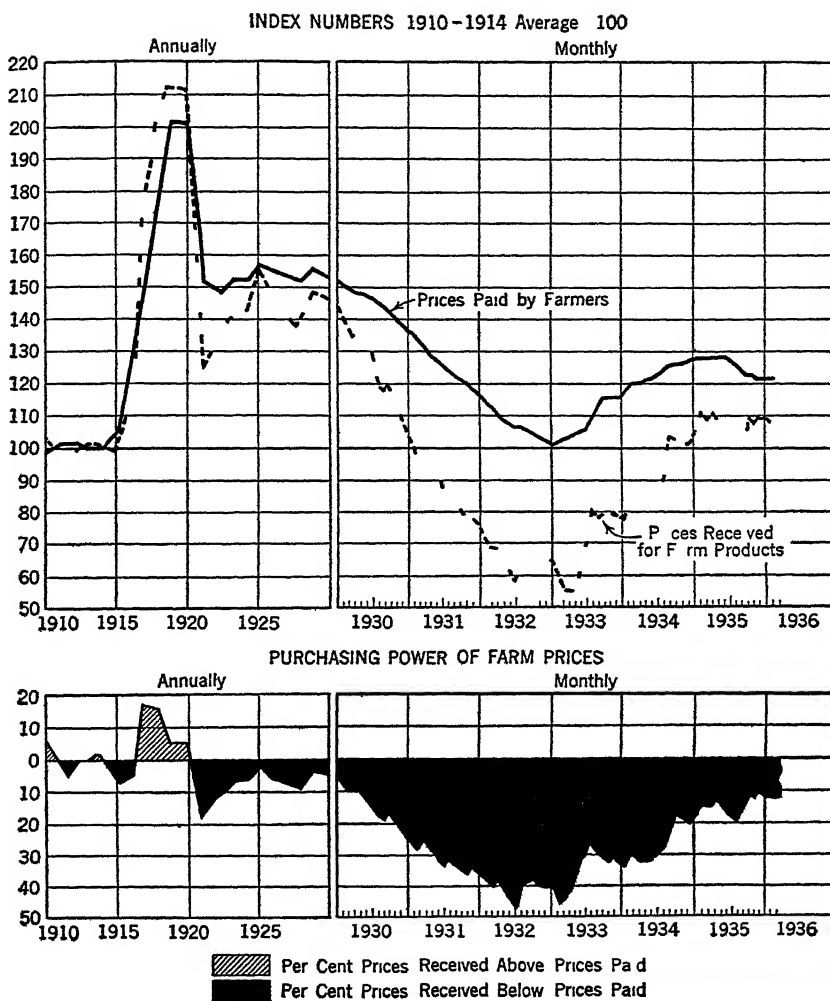


FIG 26 PRICES RECEIVED AND PAID BY FARMERS IN THE UNITED STATES 1910-1936

Prices received for farm products by farmers are based on price data for 34 major farm products and 13 commercial truck crops. Prices paid by farmers represents retail prices of goods bought for use in production and for family maintenance based on price data collected from approximately 2,000 retail dealers in all parts of the United States. Redrawn from Walter E. Spahr et al. *Economic Principles and Problems*. Farrar & Rinehart Inc. New York 1936 by permission. Source of data: U.S. Bureau of Agricultural Economics.

factured articles were in equilibrium Attempts to restore parity prices are attempts to reestablish the equilibrium between these factors which existed in 1914 a year of relative farm prosperity

In a few years European agriculture recovered from its war decline and European demand for our farm products decreased Furthermore soon after we enacted the Hawley Smoot Tariff foreign nations retaliated with higher tariffs against our agricultural exports and with other trade restrictions <sup>1</sup> This action led to the emergence of a policy of economic self sufficiency in countries which had been among our best customers for agricultural products

The farm situation from 1929 to 1933 is unparalleled in American history The total gross farm income which reached its peak of \$16,000,000 000 in 1919 had fallen in 1932 to slightly above \$5,000,000 000 Farmers instead of reducing their output planted even more in a desperate attempt to maintain their incomes Thus exportable agricultural surpluses became increasingly burdensome In addition new competition appeared at home Machines that took the place of horses released for cash crops 30 million acres that had been devoted to feed production

All of these factors converged on the farmer By 1933 the exchange value of farm products for industrial goods had fallen to 50 per cent of the prewar average Their value in terms of taxes and interest was even less The price disparity was most severe in export commodities such as cotton wheat tobacco rice and hogs With surpluses mounting and markets stagnating action became imperative And act is what Congress did as we shall see later

### THE RURAL POPULATION

The rural population is subdivided by the census into the rural farm population which comprises all rural persons living on farms without regard to occupation and the rural non farm

<sup>1</sup> Broadus Mitchell and Louise Pearson Mitchell *Practical Problems in Economics* Henry Holt and Company Inc New York 1938 p 285 gives figures on foreign tariff increases

*Ibid* p 287

population which comprises the remaining rural population <sup>1</sup> According to the census of 1940 the rural farm population was 30,151 076 or 22.9 per cent of the total population of the United States <sup>2</sup> This contrasts with 30 157 513 rural farm people constituting 24.6 per cent of the total population in 1930 There were 6 096 799 farms constituting 1 060 852 374 acres or 55.7 per cent of the total land of the United States <sup>3</sup> as over against 6 288 648 farms constituting 986 771 016 acres in 1930 The proportion of the rural population to the total population of the United States has fairly steadily declined but this decline has been at a decreasing rate in recent decades (see Table XXIII)

TABLE XXIII

URBAN AND RURAL POPULATION OF THE UNITED STATES 1790-1940

Cen sus Yea	Total		U ban		R al		I C T tal	
	Populat on	Inc ease ver Pr ed ng Censu (Per Cent)	Population	Inc ease o r P e d ng Censu (Per Cent)	Populat on	Inc a o er P e d ng Censu (Per Cent)	U b	R l
1940	131 669 275	7.2	74 423 702	7.9	57 245 573	6.4	56	43.5
1930	122 775 046	16.1	68 954 823	27.3	53 820 223	4.4	56.2	43.8
1920	105 710 620	14.9	54 157 973	29.0	51 552 647	3.2	51.2	48.8
1910	91 972 266	21.0	41 998 932	39.3	49 973 334	9.0	45.7	54.3
1900	5 994 575	20.7	30 159 921	36.4	45 834 654	12.2	39	60.3
1890	62 947 714	25.5	22 106 265	56.5	40 841 449	13.4	35.1	64.9
1880	50 155 783	30.1	14 129 735	42.7	36 026 048	25	28.2	71.8
1870	38 558 371	22.6	9 902 361	59.3	28 656 010	13.6	5.7	94.3
1860	31 443 321	35.6	6 216 518	75.4	25 226 803	28.4	19.8	80.2
1850	23 191 876	35.9	3 543 716	92.1	19 648 160	29.1	15.3	84.7
1840	17 069 453	32.7	1 845 055	63.1	15 224 398	29	10.8	89.2
1830	12 866 020	33.5	1 127 247	62.6	11 738 773	31.2	8.8	91.2
1820	9 638 453	33.1	693 255	31.9	8 945 198	33.2	2	97.8
1810	7 239 881	36.4	525 459	63.0	6 714 422	34	3	97.7
1800	5 308 483	35.1	322 371	59.9	4 986 112	33.8	6.1	93.9
1790	3 929 214	—	201 655	—	3 727 559	—	5.1	94.9

Along with this shift has come a change in the importance of agriculture in the total economy In 1790 over 90 per cent of the

<sup>1</sup> Preliminary release Series P-5 No. 3 (February 20 1941) of the U. S. Bureau of the Census p. 1

*Ibid.* p. 2

<sup>2</sup> U. S. Bureau of the Census *Sixty-ninth Census of the United States 1940 Agriculture* First Series United States Summary U. S. Government Printing Office Washington D. C. 1941 p. 10

<sup>3</sup> Source: Figures supplied by the U. S. Bureau of the Census October 1941

nation's gainfully employed persons were engaged in agriculture by 1840 the percentage decreased to 77.5 in 1900 it was 35.7 and in 1930 it reached 21.5<sup>1</sup> Technological advance in farm machinery created a surplus of agricultural workers who went to the cities to find work. More advanced methods of manufacture, large scale production, and the widening of world markets for the finished product have absorbed to a large extent the surplus agricultural workers not only in manufacture but also in trade, commerce, transportation, and professional and public services.

There is considerable difference in the ages of the rural and urban population. A considerably larger proportion of the urban population is in the productive age groups (20-44 years of age). The number in this group is higher in the rural nonfarm than in the rural farm areas. There are therefore more children and more old people in rural areas. This is due not merely to the fact that the city attracts or recruits people of working age from the countryside but also to the fact that children and old people can be usefully occupied, at least in part, in the rural areas. Thus, whereas in 1940 58.7 per cent of the total population was in the age group 20-64, 62.9 per cent of the urban, 55.8 per cent of the rural nonfarm, and only 50.7 per cent of the rural farm population was in this category. A similar difference exists for the age group 20-44 years, the percentages for the urban, rural nonfarm, and rural farm population being 41.9, 38.1, and 32.5 respectively.<sup>2</sup>

The difference between city and country people in respect to reproduction rates has already been discussed in Chapter 10. The net reproduction rate (see p. 268) for 1940 was estimated at 76 for the urban population, 116 for the rural nonfarm, and 136 for the rural farm population. According to Dr. O. E. Baker of the United States Department of Agriculture, "Ten adults in our cities today are rearing only seven children, whereas in the farm population of the nation as a whole, ten adults are still rearing fourteen children."<sup>3</sup> Half of the farming people are

<sup>1</sup> *Yearbook of Agriculture* 1940, pp. 1184, 1188, 1193, 1195.

<sup>2</sup> Release U. S. Bureau of the Census, Series P-5, No. 3, *op. cit.* p. 3.

<sup>3</sup> Oliver E. Baker, "The Farmer and National Unity," in *Democracy and National Unity*, ed. by William T. Hutchinson, University of Chicago Press, Chicago, 1941, p. 119.

in the South and among these the reproduction rate is higher than among the farming people in the North. From this Dr. Baker concludes that

An increasing proportion of the nation's citizens of the future probably ultimately a dominating proportion will be the descendants of the poor but independent people of the Southern Appalachian Mountains of the tenants and croppers and other less fortunate people of the Cotton Belt, of the hill folks that live along the Ohio River and its tributaries of the Mennonites and Amish of Pennsylvania, Ohio and Illinois of the Russian Germans of the Great Plains of the Mormons of Utah and Idaho and of other peoples living generally on small and more or less self-sufficing farms who have been partially isolated by their geographic location or religious convictions from the influences of modern urban culture.<sup>1</sup>

The rural population is composed of approximately the same great variety of stocks as the United States generally. The English country gentlemen who became the planters of the South and the English yeomen who settled predominantly in New England and to a lesser degree in the Middle Atlantic states and then turned to the West and the Appalachian Highlands and the Ozarks the Irish and the Scotch Irish who settled in Maryland and Pennsylvania the Dutch with distinctive rural communities in scattered parts of the East and the Middle West the Germans in Pennsylvania and in diverse sections of the northern states the Scandinavians in the Middle West and Northwest followed by the Czechs in the Middle West the Italians in New England and on the Pacific coast the French Canadians in Vermont and New Hampshire the Portuguese in the eastern fringe of New England the Mexicans in the Southwest and West and of course the Negroes in the southern rural regions — these were among the ethnic groups who built rural America.

Unlike the great cities however which draw the heterogeneous population elements into the same stream of communal life rural communities are more likely to be composed of more homogeneous population elements so that one community may be almost entirely made up of Scotch Irish another of Germans another of Dutch and so on thus giving to the community a distinctive cultural life and institutional framework.

<sup>1</sup> *Ibid* p. 120

**The Flight to the City and the Return to the Farm** While on the whole the trend of migration has been from the country to the city following each depression — 1830 s 1870 s 1890 s, and 1930 s — there was a movement of city people back to the farm and the dominant trend was temporarily slightly upset. The smallest decennial increase in the rural population was reached in the decade 1910–1920 when it was only 3.2 per cent. The phenomenal drop in the percentage of increase of the urban population between 1930 and 1940 to 7.9 per cent (from 27.3 per cent in the previous decade) as contrasted with a slightly increasing rate in the rural population during the same period suggests the effect of the great depression. It is difficult to determine to what extent urban dwellers returned to the farms during the depression period or to what extent the decline of industrial job opportunities in the cities induced those who might have moved to the cities to stay at home. The final results of the 1940 Census which are not yet available, will throw some light on this question. The relative opportunity for employment is considered one of the chief factors influencing the direction of migration, although the mechanization of agriculture, the disparity in standard of living, differences in cultural opportunities, and birth rates are others to be considered.

**The Agricultural Village** The village stands midway between the country and the city sharing some of the characteristics of each but having its own peculiar traits. It is comprised of the nonfarm population, including part time farmers and people who live in rural territory but work in cities. A village is a population center ranging in size from 250 to 2500 inhabitants.<sup>1</sup>

When one sees many small towns and villages declining due to excellent hard roads, the automobile, radio, mail-order houses and national advertising, one is prone to ask if the village has ceased to perform what was once a necessary function. In order to answer this question it is necessary to examine the origin of the village.

The Midwestern American village was not a social center but performed some necessary economic function, such as trans-

<sup>1</sup>J. H. Kolb and Edmund de S. Brunner, *A Study of Rural Society*, Houghton Mifflin Company, Boston, 1935, p. 75.



portation retailing or financing Professor Sims, in his description of a Hoosier Village in Indiana gives an interesting account of how two early pioneers established what later became the county seat These two men bought land divided it into lots made out a town plan and erected a courthouse a jail and later other political institutional buildings which in time attracted other business establishments, a store, a blacksmith shop a newspaper and other offices characteristic of a county seat <sup>1</sup>

The large size of American farms operated against the establishment of the compact closely knit village as the dominant form of settlement which was so characteristic of European rural life The self sufficient plantation of the South which had no need of the services of villages and towns except the political functions of the county seat was the American counterpart of the old English manor, and offered a fairly compact form of communal living But the European and Oriental village from which the farmers went to their fields in the morning and to which they returned at night became the exception rather than the rule in the United States

In America agriculture and isolation first united and the result was the solitary homestead set in the midst of the farmer's acres miles from the nearest town Nevertheless the village could not be entirely dispensed with and today it has become the service station for the farming population <sup>2</sup>

Not all villages have the political status which comes with incorporation Other things being equal communities that have political status especially if they are also county seats tend to have a better chance of survival Service institutions tend to go along with political institutions and lend the community the atmosphere of permanence The development of the automobile, hard roads and improved communication generally however make it possible for isolated farmers to reach the larger towns with as great ease today as they formerly had in reaching the villages in their immediate neighborhoods

It has been feared on this account that the small villages would be likely to decline in importance Professor Gillette has shown that the smaller incorporated places have lost population to a greater degree than have the larger incorporated places Thus in

<sup>1</sup> *Ibid* pp 77-78

<sup>2</sup> *Ibid* pp 200-201

the decade 1930-1940 of the 6529 incorporated places under 500 population counted in the 1930 Census 38.7 per cent had lost population by 1940 of the 3434 ranging from 500 to 999 people 29.8 per cent had lost population by 1940 while of the 2976 places with 1000 to 2499 inhabitants, 25 per cent had lost population by 1940.<sup>1</sup> It is difficult from the census figures to determine exactly the number of people living in unincorporated and in incorporated places. It has been estimated that in 1930 approximately thirteen million Americans lived in nineteen thousand villages of both kinds. In the same year about eight and three quarter million of these Americans were living in 10,661 incorporated villages.<sup>2</sup>

**Urbanization of Agricultural Life** In the frontier days when population was sparse and cities were small when rural settlements were scattered and communication was infrequent and when modern technology was still crude, the disparity between urban and rural was not very great. As urbanization proceeded however the differences between the urban and rural mode of life were accentuated. In recent decades with the extension of railroads and roads the diffusion of the automobile the building of telegraph and telephone lines, the development of rural free delivery of mail-order houses the metropolitan press national advertising, the radio electric light and power rural libraries, agricultural colleges, consolidated schools and modern health and welfare services the margin of advantage which urban life formerly had is narrowing. Rural life is further being urbanized by the dispersion of industrial plants into rural regions and by the mechanization of agriculture itself.

Not only does the countryside become increasingly enmeshed in the complex of urban life which is diffused from the great metropolitan centers outward, but also an increasing proportion of urban inhabitants are taking up residence on the fringes of the great cities thus combining some of the features of living characteristic of the city with those of the country. While the life of these suburbanites is of course predominantly determined by the urban influences to which they are subjected in many

<sup>1</sup> J. M. Gillette, *Some Population Shifts in the United States 1930-1940*, *American Sociological Review* VI 621 Oct 1941

<sup>2</sup> Kolb and Brunner *op cit* pp 81-82

respects they furnish the model after which the more distant rural dwellings pattern themselves. The larger the central city the wider is the region over which urban influences extend.

### TYPES OF FARMING

**Types According to Products** Farms may be classified according to the dominant products they produce. The relative importance of nine agricultural products per dollar of farm income is indicated by Fig. 27.

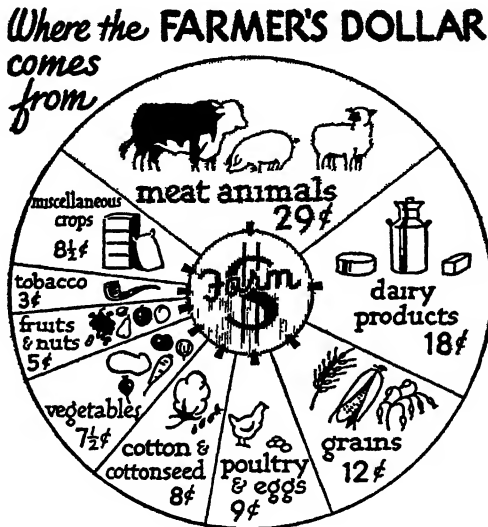


FIG. 27

Supplied by the Meat Packing Institute

**Grain** Small grain farms, wheat, oats, rye, and barley are predominant in the Great Plains states — Kansas, Oklahoma, Nebraska, Minnesota, and the Dakotas, while corn is the major crop in Iowa, Illinois, and northern Missouri.

**Livestock** Meat animals represent the most important source of income to American farmers. Although the major portion of the industry is centered in the corn belt states, there is hardly a farm in the United States of 50 acres or more that does not contribute to this industry.

**Fruit and Vegetable** The production of vegetables and fruits is widely distributed over the various regions of the United States.

Certain areas like California Florida Texas and the Northwest are especially well known for their fruits although parts of New York and Michigan contribute largely to the fruit supply Potatoes berries and vegetables are supplied from widely dispersed areas especially suited to their cultivation Developments in marketing transportation refrigeration and processing have enormously stimulated the market on a nation wide and world scale for some of these products which formerly were available only in certain seasons of the year and in markets close to the place of production

*Dairy Products* The production of fluid milk cream butter cheese and other dairy products has assumed vast proportions in the United States In some states like Wisconsin it is a major source of income to the agricultural population Virtually every urbanized region of the country is dependent upon and stimulates the development of a milk shed — an area where intensive production of fresh milk goes on to supply the metropolitan market As in the case of perishable fruits and vegetables in the dairy industry too refrigeration and other modern developments have contributed to a stable nation wide market the year around

*Cotton and Tobacco* Perhaps one of the most specialized forms of farming confined largely to the southern and southwestern sections of the United States is the raising of cotton and tobacco The plantation economy has been intimately associated particularly with cotton production and the fluctuations in the demand for cotton affect the state of well being of large areas of the South

*Other Products* The production of wool of hay of sugar beets of poultry and eggs of maple sugar honey timber nursery stock pulpwood tung oil broom corn and fox fur and of other edible products, fibers, pharmaceutical ingredients, and oils assumes great significance sometimes in conjunction with other forms of agricultural production and in other instances as a specialized form of farming

**Regional Specialization** Most farms no matter how specialized involve the production of some commodities for home consumption On the other hand many small farms suited primarily for self subsistence market some of their surplus products The New England states have ceased to produce certain cereals because they cannot compete with the large scale pro

duction of the western states, and have turned to the commercialized farming of fruits, vegetables, potatoes and dairy and poultry products

In the Middle Atlantic states, farmers have followed a mixed type of farming producing wheat corn oats hay vegetables, and dairy products. The Southern farmers have devoted most of their acreage to corn cotton, and tobacco with a small portion of their farms given over to small grain and vegetables. Corn wheat oats, and hay are the principal products. Hog raising and cattle feeding are specialized activities in Iowa, Illinois and northern Missouri while Wisconsin New York and northern Indiana specialize in dairy products. Poultry and egg production has reached its greatest development in Oregon Washington, and Idaho. Perhaps one of the most outstanding examples of commercialized farming is the citrus fruit of California and Florida.

The cotton belt includes Virginia Kentucky, most of Tennessee and the mountainous areas of North Carolina and Georgia which have no large scale operations. The areas of heaviest plantation concentration are located in the level lands of eastern North Carolina the lower Piedmont and Upper Coastal Plain of South Carolina Georgia and Alabama the bluff regions of the Mississippi and its tributaries in Mississippi Louisiana and Arkansas.

**Commercial and Self-Subsistence Farms** The distinction between commercial self-sufficient and part-time farming seems to be arbitrarily made on the basis of the proportion of farm incomes derived from the sale of farm products. A part-time farmer may obtain most of his living from his own farm products. A commercial farmer may consume more of his product than the part-time farmer produces and yet send a greater percentage of his product to the market.

**Mechanized and Nonmechanized Farms** Over a period of time the size of farm has changed by inheritance sale of land and from other causes but the introduction of power-driven machinery displacing horses has made the larger-sized farm more economical to operate. Farm mechanization has been going on for the past half-century and there has been an increase in the size of the mechanized farm unit.

The recent appearance of the small tractor promises to bring further mechanization to the small farm. Its lower costs of purchase and operation makes it readily adaptable for small farm use. The introduction of the small tractor will probably have little effect in the small grain states but should aid the small farmers to succeed in the corn belt area by checking the consolidation of small farms.

In the plantation South the small tractor and changes in farm organization have been displacing many sharecroppers. This does not represent any change in the size of the holdings but extends operations by the owners to a greater portion of the plantation. It seems that the introduction of the small tractor will increase the size of farm holdings where mechanization can be economically employed with the exception of the South.

#### THE STRATIFICATION OF THE RURAL INHABITANTS

Throughout the history of our country we have steadfastly held to the ideal of the owner operated farms. Today when the word farm is mentioned the average person thinks of the old homestead as permanent as the rock of Gibraltar. There was the mortgage, to be sure, but there was also the determination and the ability to remove it. When older members of the farm family left for the city where they were buffeted by the vicissitudes of commerce and industry they knew that if the worst happened they could return to the old homestead and live in peace and modest plenty. Farm life with all its hardships, drudgery, and monotony was not devoid of compensations — religion, family devotion, social democracy, community pride, and love of the land itself. The word home more often than not called up rural rather than urban associations.

This ideal has for the most part disappeared. Each year farm people have been uprooted in increasing numbers. Loss of ownership has meant that hazard has replaced security, independence has given way to dependency and self respect has been replaced by vain and often undeserved self reproach. This condition has produced a class of people to whom modern writers often refer as 'agricultural gypsies'. Then too the disappearance of the frontier and technological advances as

well as political and economic changes have helped to increase agricultural instability

This brings us to a classification of rural society and the problem of tenancy and farm labor. Changing economic conditions have produced agricultural classes as well as industrial classes. Of the 6,812,350 farmers in the United States in 1935, 2,865,155 were tenants.<sup>1</sup> Every year 40,000 more tenants are added to the tenant group. The President's Committee on Farm Tenancy reported in 1937 that for the past ten years farm tenancy has been increasing while the actual equity of owners in their farms has been decreasing.<sup>2</sup>

**Farm Tenancy** Tenancy increased from 25 per cent of all farmers in 1880 to 42 per cent in 1935. If we include the 10 per cent of farmers who rent part of their land and the 48,000 hired managers, less than half the farmers own all the land they work.

It is interesting to note that from 1920 to 1930 the number of farms decreased while the number of tenant operated farms increased. Between 1930 and 1935 the percentage of tenant operated farms decreased slightly, but there was a sharp decline in the subsequent five years. Besides governmental aid to agriculture this decline may be due in part to the fact that many tenants dropped into the farm labor class. There are wide differences in the regional distribution of tenancy in the United States (see Table XXIV).

*The Cash Tenant* The cash tenant enjoys the highest economic status of all farm tenants. This type of tenancy exists primarily in the northern and western states. The landlord supplies the fixed capital (land, taxes, building maintenance) and the tenant supplies the working capital (work stock, equipment, fertilizer and a fixed amount in cash). The cash tenant suffered most severely during the depression because the drop in the price of farm products made it harder for him to pay cash. He was forced in some instances to pay the landlord in crops. Also since the AAA program paid benefits to the cash tenant but not to the sharecropper, landlords preferred to put tenants on a share crop basis so that they themselves might receive these benefits.<sup>3</sup>

<sup>1</sup> Mitchell and Mitchell *op cit* p. 320

<sup>2</sup> Farmers in a Changing World *Yearbook of Agriculture* 1940

<sup>3</sup> Mitchell and Mitchell *op cit* p. 322

TABLE XXIV<sup>1</sup>

PROPORTION OF FARMS OPERATED BY TENANTS BY GEOGRAPHIC DIVISIONS  
1940 1935 1930

	1940	1935	1930
United States	38 7	42 1	42 4
New England	7 4	7 7	6 3
Middle Atlantic	14 6	16 2	14 7
East North Central	27 9	29 4	27 3
West North Central	42 4	42 6	39 9
South Atlantic	42 2	46 3	48 1
East South Central	50 1	54 8	55 9
West South Central	52 6	59 5	62 3
Mountain	24 6	26 6	24 4
Pacific	18 5	21 2	17 7

*Crop Sharing* The tenant under the crop sharing system pays rent to the landlord in the form of a share of the crops. He usually is also dependent on the landlord for work stock, implements, seed, fertilizer, and even advances in food and clothing. About 25 per cent of all American farmers are sharecroppers. Characteristically the sharecropping districts are the slums of rural America. This type of tenancy is found mostly in the southern cotton and tobacco regions and stems from slavery.

When Negroes were slaves, 'poor whites' (also known as hill billies, dirt eaters, and crackers) were thrust into the agricultural periphery on the poorest land — victims of the slave system. After the Civil War the plantation owners had no money to pay wages and neither the freed Negroes nor the poor whites had money to pay rent. The labor of Negroes and whites alike thus came to be paid in crops while food and clothing were furnished to the workers in advance of the harvesting and sale of crops — the so called 'furnishing' system.

This system gave the landlord a lien on the crop, no part of which belonged to the tenant until the landlord divided it. Under this plan the commissary of the plantation kept a record of the food and other supplies advanced to the tenant until

<sup>1</sup>Source: U. S. Bureau of the Census, *Sixteenth Census of the United States, 1940 Agriculture*, First Series, United States Summary. U. S. Government Printing Office, Washington, D. C. 1941, pp. 16-17.



his crop was harvested. Charges for credit terms have in some instances, been as high as 200 per cent. The average charge in recent years has been from 20 to 50 per cent. The average cropper family income divided between furnish and cash amounts to \$122 or \$28 per person. The Atlantic Coastal Plain showed an average family income of \$255 while the Lower Delta represents a total net income of only \$42 per family.<sup>1</sup>

Other contributing factors to the low economic status of the sharecroppers is the fact that they have the highest birth rate and the highest degree of illiteracy. Few of their children go beyond the fifth grade in school. They are handicapped by bad health. Their powers of resistance are low, and they are easy victims of malaria, typhoid and pellagra.

**Agricultural Laborers** There were in the United States in 1930 about 4 392 000 agricultural laborers.<sup>2</sup> Although these people are paid in wages their economic and social status is no better in many respects than that of the sharecropper described above. Many of them have miserably low incomes and little opportunity to accumulate sufficient money to make the down payment on a farm.

Great numbers of agricultural workers are migratory workers. They follow the harvests: wheat in the western states, sugar beets in Colorado, fruit in California and Florida. These workers and their families travel about the country, living in tents or temporary camps. Their living quarters have been described as squalid, overcrowded and insanitary. The workers' net annual income is very low, representing only \$200 per family. Their living conditions have been somewhat improved recently through the establishment of government camps which also contain facilities for furnishing information on employment opportunities.

**Part-Time Farming** The combination of farming with a job that brings a cash wage is of long standing in the United States. It is especially prevalent in those rural areas adjacent to industrial development. It has been accentuated by improvements in roads and widespread automobile ownership. Industrial workers try to supplement their reduced wages in industry with part

<sup>1</sup> Mitchell and Mitchell *op cit* p. 327.

<sup>2</sup> H. Dewey Anderson and Percy E. Davidson *Occupational Trends in the United States*, Stanford University Press, Stanford University, Cal. 1940, p. 74.

time farming and farmers attempt to supplement their reduced farm income with industrial employment. In such states as Alabama, Georgia, and South Carolina, part time farming is carried on by workers in all the major industries of the region, such as cotton, textile manufacturing, lumber, naval stores, coal, and iron mining, and other gainful employment.<sup>1</sup>

The advantages of part time farming are that it supplements family income, encourages home ownership to some degree, raises the plane of living, and makes for greater security. Its disadvantages, however, are numerous. It reduces recreational opportunities; it may tend to lower wages in industries; reduce the market for agricultural products as a whole; and furnishes no fundamental solution to the unemployment problem. It is to be advocated and encouraged only where industry offers sufficient advantage to workers not to detract from or diminish their opportunities to partake of the amenities of life, to avail themselves of such education and appreciation of cultural values as will make them useful citizens in the community, and to enable them to gain the benefits of collective bargaining in industry.

**Marginal Farmers** There are about 500,000 farmers trying to work submarginal land — eroded uplands, cutover areas, and arid plains. Many counties in these districts have had from 20 to 30 per cent of their people on relief.<sup>2</sup> Some of them are owners of their land but are burdened with debt, sometimes having mortgages in excess of the current value of their properties.

## RURAL STANDARDS OF LIVING

Differences in income are accompanied by differences in standards of living. It is interesting to note that before the First World War (1914–1918) our agricultural population represented 30 per cent of the total population and received 15 per cent of the national income; in 1933 the farm population (then 25 per cent of the total population) received only 7 per cent of the national income. This change came abruptly when the ratio of prices received by the farmers to prices paid by them for needed com-

<sup>1</sup> Works Progress Administration, *Part Time Farming in the Southeast*, U. S. Government Printing Office, Washington, D. C., 1937, p. xxxii ff.

<sup>2</sup> Mitchell and Mitchell, *op cit*, p. 334.

modities was reduced from a prewar level of 100 to a level in August 1930, of 72. The values of farm land decreased from a peak of 170 per cent of the prewar value in 1920 to a level of 115 per cent ten years later.

Both urban and rural groups suffered drastically after the First World War. The industrial workers and the rural population were forced to adopt lower standards of living due to a smaller income as compared with prices of commodities they had to buy. This condition has caused a greater shifting of population than ever before. Rural and urban societies have the problem of readjusting themselves to this changing standard of living. Consequently future trends of rural life have become uncertain.

Proportionally fewer people are engaged in agriculture than at any previous time. Prior to the machine age this would have been considered a calamity, but the improved technologies have multiplied production per man to such an extent that in spite of increased specialization and the loss of markets, many farmers today feel that their very success will prove their undoing. Indeed in many communities farm families have already given up their recently acquired standards of living and have been forced back to a bare subsistence basis.

It is widely recognized that there must be an adjustment of the great differences in buying power of urban and rural communities. The great bulk of our population is actively engaged in our two largest industries, manufacturing and agriculture. One cannot be ill and the other healthy for any great period of time without causing economic disaster. Manufacturing and agriculture are so dependent upon each other that any maladjustment in the one soon causes serious disruptions in the other. This interdependence has become all the more pronounced because of the high degree of technological advances employed by both manufacturing and agriculture.

Whatever form of readjustment our rural society may take will depend upon our national policy. If we follow the policy of reducing our international relations, then our specialized crop areas which furnished at one time half of our exports will have to undergo radical reorganization which will result in reducing the rural standards of living. On the other hand, if we recapture

our foreign markets and domestic markets are also increased then we can hope for a restoration of the 1913-1914 price relationship. There would still be an answer for those who think we have taken mechanization too far. If the later condition exists then a much smaller rural population could hold a happy balance with a much larger urban population than we now have. If we resort to a self sufficient economy and strive for an approximation to the high levels attained in the greatest period of prosperity, it will involve a greater degree of conscious planning and government supervision and regulation than this country has ever known. Satisfactory relationships of standards of living among the various groups cannot be attained without considerable planning.

### DEPRESSED AGRICULTURE

Much of the farm mortgage situation that prevails today is directly traceable to the speculative activities in farm land immediately following the outbreak of the First World War. During that period the prices of American agricultural products soared to unheard of heights. On the basis of these new land values mortgage loans were made up to as much as 50 to 60 per cent of this amount. When prices of land advance under the stimulus of speculative values to levels that are not justified by income-producing capacity, operators of such land who are depending for a livelihood upon what it will produce are moving toward bankruptcy. This fact helps to explain the growth of farm tenancy in the United States.

In January, 1939, the farm mortgage debt of this country was estimated at \$7 071 000 000. In 1923 it was \$10,751,000 000. The greater percentage of the decrease between these two dates was due to foreclosure proceedings and debt write off. Mortgage debts represent inescapable obligations that must be met from farm earnings.

Farm tenancy increased from 25 per cent in 1880 to 42 per cent in 1935 for the nation as a whole while in some states as many as 70 per cent of the farms were operated by tenants in 1935. If this increase in tenancy representing loss of ownership by those who operate the land is compared with the mortgaged

indebtedness we find that the equity in the total farm land of the nation held by those who cultivate the land declined from 62 per cent in 1880 to 39 per cent in 1935

The Securities Exchange Commission in a recent survey reported to the Senate Monopoly Committee that the farm mortgage holdings of twenty six of the leading insurance companies amounted to \$743,961,000. The interest charges on the mortgages amounted to \$31 000 000 annually. According to information assembled by the Department of Agriculture in the ten year period from 1929-1939, these life insurance companies acquired more farm real estate than any other type of lending agency. The real estate holdings of one insurance company alone amounts to 7000 individual farms, supervised by a corps of over 350 agricultural experts.

These insurance companies, according to the SEC report maintain a powerful lobby through the Association of Life Insurance Presidents. They participated in the litigation testing the constitutionality of the Frazier Lemke Act, which provides that a farm mortgagee who is unable to meet his interest charges may declare himself a voluntary bankrupt. The mortgagor may force the sale at public auction, after which the original owner may buy it back at the auction price plus interest charges at 5 per cent.<sup>1</sup>

**Farm Capital and Investment** Displacement of hand power by mechanical power and equipment has increased the farmer's capital investment in the farm plant. In 1930, the value of land and buildings represented 84 per cent of the total investment while machinery represented 5.8 per cent.

For the average size farm the investment in modern machinery is far out of proportion to other investments. The farmer has what industrialists call a 'top heavy' financial structure. The small scale operator is at a still greater disadvantage. The machinery which is a boon to extensive farming is a financial burden to a small farm. Capital investments in the prevention of soil erosion, methods of conservation, combating insects and such technological advances that are necessary require an additional estimated outlay of 25 per cent of working capital and about 5 per cent of invested capital.

<sup>1</sup> *US Week* I 7 April 26 1941

**Agricultural Unrest**<sup>1</sup> Historically, the discontent of the American farmer began immediately following the Revolutionary War. With the depreciation of paper money and the growing scarcity of specie many farmers lost their homes through foreclosure during the three year depression that followed. This economic unrest and class antagonism reached its climax in the Shays rebellion of 1786 when many hundreds of disheartened farmers moved westward to take up new lands. The period following down to the Civil War marked a great westward movement of frontiersmen prompted by the government's free and easy land policy. As an English traveler remarked the American farmer has become a land speculator instead of a tiller of the soil.

Great progress had been made in invention and adoption of new machinery. Agricultural societies, county fairs, and farmers journals were effective in disseminating information of the new machinery and improved methods while a beginning of education had been made in schools and colleges.

The transfer of manufacturers from the farm and home to the shop and factory caused farming to become less self sufficient and more of a specialized and commercial enterprise. The farmers began to need cash in order to buy the things they had formerly produced and the growing urban and industrial populations required specialized agricultural production to support them.

Tariff legislation tended to increase the antagonisms between the commercial and farming interests. The Southern farmers, especially, began to wage a losing fight against the protective tariff which increased the cost of many manufactured goods they had to buy.

Following the Civil War farmers began to revolt against their economic disadvantages. The shift in power from the agrarian to the financial and industrial interests was reflected in the issues of the day: hard money, high freight rates, and monopoly. Out of these issues developed such movements as the Grange - a farmers organization which had for its purpose to secure

<sup>1</sup> Farmers in a Changing World *Yearbook of Agriculture* 1940 pp 1184-1197  
Also Harold U. Faulkner *American Economic History* 3rd ed. Harper and Brothers  
New York 1935 Chaps 8-11 18 19 27

favorable legislation against excessive freight rates and regulation of hard money the Agricultural Wheel later absorbed by the Farmers Alliance whose original purpose was taken up by the Farmers Union and the American Society of Equity in an effort to give the farmers bargaining power in their dealings with industry and the Farmers Mutual Benefit Association, organized for bettering the farmer's economic status and committed to the cooperative principle

A national system of agricultural experiment stations was set up under the Hatch Bill of 1887 The Sherman Antitrust Act was passed to stem monopolistic control while a flood of tariff legislation raised the tariff barriers still higher on the products farmers had to buy and threw a sop to farmers by inserting a tariff on agricultural products

The climax of agricultural distress in the United States was reached in the years following the First World War, as evidenced by the decline of land values and the loss of markets resulting in huge surpluses of agricultural commodities A variety of legislation to allay rural unrest was resorted to much of it under the pressure of the farm bloc which was organized in Congress in 1921

TABLE XXV<sup>1</sup>

FARM AND NONFARM PER CAPITA INCOME 1932-1939

<i>Year</i>	<i>Per Capita Income</i>	
	<i>Farm</i>	<i>Nonfarm</i>
1910-1914	100	100
1932	41	121
1933	62	112
1934	88	126
1935	108	133
1936	121	149
1937	129	162
1938	109	150
1939	104	155

**Farm Incomes** The disparity between prices of agricultural and nonagricultural products has long been a subject of controversy The last decade has witnessed more legislation and

<sup>1</sup> *Yearbook of Agriculture* 1940 p 355

publicity with reference to this question than the whole previous century. Prices of agricultural and nonagricultural products have tended to fall and rise at the same time but not in the same proportions. At the beginning of the depression of 1920 agricultural prices fell first and farthest and remained down longer than nonagricultural prices. This same situation occurred in 1929 and was repeated again in 1937. For a comparison of farm and nonfarm per capita income see Table XXV.

Between the years 1935 and 1936 over 600 000 farm families received some kind of direct relief and the income of the other 6 000 000 was distributed as is shown in Table XXVI.

TABLE XXVI<sup>1</sup>

DISTRIBUTION OF NONRELIEF FARM FAMILIES BY INCOME LEVELS 1935-1936

Income Level (Dollars)	Families (Number)	Proportion of All Farm Families (Per Cent)	Cumulative Percentage Total	Income Level (Dollars)	Families (Number)	Proportion of All Farm Families (Per Cent)	Cumulative Percentage Total
Under 50	232 040	3.8	3.8	1000 to 1500	1 394 821	22.6	74.9
50 to 100	858 963	13.9	17.7	1500 to 2000	730 811	11.8	86.7
100 to 200	1 108 400	18.0	35.7	2000 to 2 000	340 645	5.6	92.3
200 to 500	1 070 044	16.6	52.3	2500 and over	473 834	7.7	100.0

Assuming that 85 per cent of the relief families receive less than \$500, these data indicate that approximately 1 600 000 families, or almost one-quarter of all farm families, have incomes of less than \$500 a family, and that about 40 per cent of all farm families have incomes under \$750.<sup>2</sup>

The data have serious social implications when we consider that the minimum needs for health and decency for the typical farm family of two adults and three children are an income of \$750 a year with the prices prevailing as of 1936.

The 1930 Census classified farmers according to gross farm incomes as indicated in Table XXVII. According to the census in 1929, the year before the depression began to affect farmers' incomes, approximately one half of all farmers in the country had gross incomes of less than \$1000, while more than one fourth had gross incomes below \$600.

<sup>1</sup> *Yearbook of Agriculture* 1940 p. 388, arranged from data in National Resources Committee, *Consumer Incomes in the United States: Their Distribution in 1935-1936* p. 10.

<sup>2</sup> V. Wells, *Agriculture Today: An Appraisal of the Agricultural Problem* *Yearbook of Agriculture* 1940 p. 388.



The lower income group lived in substandard houses and supplemented their incomes by some off farm employment. Only about 10 per cent of the group was employed off the farm as much as 150 days. It has been estimated that the gross income of the group who received less than \$1000 amounted to \$615 of which \$200 represented products consumed at home. The average gross farm income received by the group whose gross farm incomes were less than \$600 amounted to \$375, of which \$180 represented the value of products consumed at home. The balance of \$195 represented the average gross cash income out of which operating expenses, such as rent or mortgage principal payments interest, taxes, feed and fertilizer and replacement of machinery had to be paid first. If there was a remainder it was available for the purchase of food, clothing household furniture, medical care and education of the children.

TABLE XXVII<sup>1</sup>

GROSS FARM INCOME (VALUE OF PRODUCTS SOLD, TRADED OR USED BY OPERATORS FAMILY) REPORTED BY FARM FAMILIES IN THE UNITED STATES IN 1929 BY INCOME GROUPS

Gross Farm Income (Dollars)	Farm Families		Gross Farm Income (Dollars)	Farm Families	
	Number*	Per Cent		Number	Per Cent
Less than			Less than		
250	397 517	6.6	4 000	5 474 430	91.2
400	915 549	15.2	6 000	5 765 542	96.1
600	1 681 667	27.9	10 000	5 913 295	98.5
1 000	2 927 351	48.6	20 000	5 974 905	99.6
1 500	3 865 261	64.6			
2 500	4 846 424	81.1		5 999 882	100.0

\* Cumulative

Regardless of how we classify our farm population the fact remains that in the lower income group there are millions of people who are in the poverty class. Incomes which are insufficient to meet the American standard of living and to provide security for the future certainly mean ill health, insanitary conditions, poor housing, and illiteracy.

<sup>1</sup> Yearbook of Agriculture 1940 p. 816

**Rural Migration** The American people for a variety of reasons, move more often than the inhabitants of any other nation. Up until the passage of our last frontier migration, for the most part had been from East to West. For the past half-century there has been a noticeable movement of population from rural to urban areas with the exception of the period from 1930-1932, when there was an unusual movement of persons from the cities to the farms. However the net migration from farms 1930 through 1934 averaged only 120 000 as compared with an annual average of 600 000 during the decade 1921-1930.

Among the factors which add to rural discontent are (1) mechanization, which has eliminated certain types of work and has seriously affected others (2) the seasonal fluctuations in specialty crop areas involving irregular periods of employment and the lack of permanent residence. Such expressions as 'tractored off' and 'blown out of the dust bowl' have become by words among those families who have joined the army of migratory farm laborers. This situation is aggravated by the fact that we can supply our agricultural domestic and foreign demands with 1 600,000 fewer people than in 1929 while our rural population is increasing faster than any other group. The annual net increase in farm labor is 445,000 persons who will add to the already too numerous ranks of migratory laborers, and of those on relief.

During the 1920's there was an urban rural interchange of population of some 19,000,000 persons with the result that the rural areas lost more than 6,000,000 people. These migrants were not only from the poorer lands of the South and cutover sections of the Lake States but were from all regions of the country. In general the migration from the better lands was almost as great as that from the poorer land areas. Farm youths have been maturing twice as fast as would be required to maintain the number of farm operators. Impending technological improvements will further decrease the need for farm labor making a still greater number of farm workers available for urban employment.

Rural urban migration, thus is a national problem. It can only be coped with through a national effort to create conditions permitting the individual to benefit not only himself but also

the community that receives him without detriment to the community he leaves

For the solution of the urban rural migration situation and the problems that attend it three lines of action have been recommended (1) raise the level of living in those areas whence the migrants come (2) raise the standard of education in rural areas and (3) develop an effective policy for the guidance of migration that will enable the migrant to make his fullest contribution at a minimum social cost

# \* THE FARM PROBLEM

**Agricultural Surplus** In the economic sense an agricultural surplus constitutes that quantity of agricultural products which is not salable at prices that will cover the cost of production An

TABLE XXVIII<sup>1</sup>

AGRICULTURAL PRODUCTS IMPORTED — VALUE BY MAJOR GROUPS  
1936 TO 1939

Group	1936	1937	1938	1939
Agricultural imports total	\$1 243 009	\$1 579 324	\$955 520	\$1 117 793
Commodities listed below total	1 187,730	1 511 970	906 100	1 059 879
Animals and products edible	40 604	62 318	41 116	49 380
Dairy products and eggs	18 126	18 266	12 591	13 640
Hides and skins except reptile	54 289	70 466	29 398	46 631
Animal fats inedible	4 102	608	227	347
Grains and preparations	84 424	102 392	7 976	12 502
Fodders and feeds	12 266	16 090	3 809	11 334
Vegetables fruits nuts	78 095	92 487	71 248	76 313
Vegetable oils (expressed) and oil seeds	122 324	175 342	93 228	84 159
Cocoa coffee tea and spices	197 891	236 350	187 930	203 231
Sugar and related products	172 614	184 722	141 248	134 644
Beverages excluding spirits	13 447	12 832	10 490	10 908
Crude rubber	158 732	247 521	129 542	178 054
Tobacco unmanufactured	29 880	31 923	36 028	36 918
Cotton unmanufactured	11 997	16 592	9 615	8 292
Wool and mohair unmanufactured	53 264	96 345	22 605	49 637
Raw silk	102 351	106 594	88 821	120 852
Vegetable fibers except cotton and silk	33 325	41 123	20 229	23 037

<sup>1</sup>Source U S Bureau of the Census *Statistical Abstract of the United States* 1940  
U S Government Printing Office Washington D C 1941 p 674

TABLE XXIX <sup>1</sup>

AGRICULTURAL PRODUCTS EXPORTED — VALUE OF CHIEF PRODUCTS  
1935 TO 1939  
(In Millions of Dollars)

<i>Product</i>	<i>1936</i>	<i>1937</i>	<i>1938</i>	<i>1939</i>
Grand total	\$709 5	\$897 5	\$827 5	\$655 1
Live animals	1 7	1 9	1 6	1 7
Meats	20 1	19 0	23 6	26 8
Eggs and dairy products	4 7	5 8	6 7	7 8
Animal fats and oils	16 3	17 9	19 5	23 0
Hides and skins	3 7	6 2	4 8	4 2
Bread grains	20 6	69 2	105 1	63 1
Coarse grains	8 0	18 2	190 4	27 0
Rice	7	6 4	8 4	9 2
Fodders and feeds	6 9	12 6	12 0	10 1
Vegetables	10 3	11 9	11 4	15 1
Fruits and preparations	78 5	80 0	96 1	80 9
Vegetable oils (expressed) oilseeds and nuts	7 5	7 7	7 9	20 2
Coffee and substitutes	2 2	2 2	1 9	2 8
Sugar and related products	4 7	5 2	5 1	10 6
Seeds except oil seeds	1 7	2 8	2 0	2 4
Tobacco	137 3	134 5	155 7	77 4
Cotton	361 0	368 7	228 6	243 0
Wool and hair	1 9	2 9	2 5	1 6
All other	21 8	24 4	25 1	28 1

Re-exports of foreign products are excluded

agricultural surplus does not mean that we have more food than the people of this country could consume, but more food than they can afford to buy at a price that will pay the farmer for growing it. Tables XXVIII and XXIX show the value of our imports and exports for each year from 1936 to 1939. It is evident from our exports (which represent surplus products) that our major surplus commodities are in grains, tobacco, and cotton, with cotton constituting by far the largest in 1939.

As a consequence large surpluses have accumulated, and in the matter of real income the farmers' position has been steadily growing worse,<sup>1</sup> as compared with other classes of American producers.

<sup>1</sup> Source: *Statistical Abstract of the United States* 1940 p. 673

*Methods for Disposing of Farm Surpluses*<sup>1</sup> Hitherto we have directed our efforts to better and more efficient means of production. Our problem now is to learn how to distribute what we have produced. Milo Perkins, Administrator for the Surplus Marketing Administration, has stated that overproduction is the black plague of the twentieth century, and if democracy is to survive it must be wiped out.

Farmers have long suffered from surpluses of dairy products, poultry products, fruits, vegetables, meats. To say that we have a surplus of these commodities is another way of saying that we have a great amount of underconsumption. Millions in the low income group would eat more if they had the means to obtain it.

To aid some 30 000 000 people whose income per family averages \$9 a week and to reduce surpluses, a Federal Food Stamp Plan has been inaugurated. The average income of two thirds of our families is \$69 a month and to maintain a minimum standard of living twice this amount is required. Studies show that approximately twenty million people spend an average of \$1 a week per person for food at retail prices. Over half of this lower income group have been getting some form of public assistance. The stamp plan enables such a person to get a \$1.50 worth of food for each \$1 expenditure. This means an increase in purchasing power of 50 per cent and it is estimated that if only 20 000 000 of the lower income group were eligible for this assistance it would mean a market for over 240 000 000 pounds of butter a year, over 240 000 000 dozens of eggs, probably more than 800,000 000 pounds of pork products and over \$80 000 000 worth of fruits, vegetables and other surplus foods.

The stamp plan operates through the local welfare agency. Any person receiving public assistance may buy a minimum of \$1 worth of orange colored stamps for each member of his family and exchange them for food at any grocery store. Those buying orange colored stamps are entitled to half again as many blue stamps free. The blue stamps are acceptable at any grocery store but are good only for those foods classified as surplus by the Secretary of Agriculture.

The primary purpose of the blue stamps is to increase purchases.

<sup>1</sup> *Farmers in a Changing World Yearbook of Agriculture* 1940 pp. 650-652.

ing power They are a supplement to local relief and local governments are not permitted to reduce their relief grants because of this aid

The over all purpose to be accomplished is that through the roundabout process the farmers sell their surplus to the grocer who sells to the low income group families, whose conditions are bettered and, finally, there has been at least a partial solution to an acute economic problem

The stamp plan, so far, has been a success as is evidenced by careful observation of the experiment that was started in Rochester, New York, on May 16 1939 It has since been expanded to the cotton industry and to school lunchrooms When the then Secretary of Agriculture Wallace announced the plan, in March, 1939 he said

if this plan is fully successful it means that the day is not far distant when all of the people of the United States will be adequately nourished Our goal might well be to use surplus foods to end vitamin deficiency in the United States Shortage of vitamins is in my opinion responsible for more sickness and lack of abounding joyous energy in the United States than the various kinds of preventable disease Gentlemen it may well be that you are pioneers in one of the most significant public health movements of our time <sup>1</sup>

## FEDERAL AID TO AGRICULTURE

The plight and welfare of the farmer have come to the attention of the Federal government partly through pressure and partly through an increasing recognition of the fact that the welfare of the farmer affects the welfare of the nation as a whole

**Early Governmental Aid to Agriculture** In 1839 the Federal government first took active steps to aid agriculture with the Congressional appropriation of \$1000 for the purpose of collecting agricultural statistics, distributing seeds, and furthering plant introduction service From this modest beginning federal aid to agriculture has expanded until today the appropriations run into hundreds of millions of dollars annually

‘In fashioning its program, the Department had to take account of many conflicting interests A farsighted minority demanded the pursuit of scientific studies, while the general public insisted on accomplishment of immediate economic

<sup>1</sup> Farmers in a Changing World *Yearbook of Agriculture* 1940 p 653

benefit <sup>1</sup> One of its early activities was the distribution of seeds but notable scientific contributions were also made The first division of the Department was the Chemistry Division (1862) Up to 1884 when the Bureau of Animal Industry was established the Department was only a fact finding and fact dispensing agency Regulation was introduced at that time to fight contagious diseases among domestic animals and to supervise meat imports and exports

Meanwhile state agricultural experiment stations were gaining such favor that enough pressure was generated to persuade Congress to authorize (in the Hatch Bill of 1887) a national system of agricultural experimentation — the first organization of its kind in the world By 1889 when the Department was given Cabinet status the force of public opinion which had secured it also won for it more generous appropriations During the first 27 years, the Department's annual expenditures rose from \$64 000 to more than \$1 000 000 In the next five years the appropriation increased from \$1 708 000 to a little over \$2 623 000 <sup>2</sup>

After 1890 a series of regulatory agricultural measures was enacted These were enforced by administrative agencies including the Department of Agriculture Public demand for some sort of action on price disparity led in 1913 to an investigation of the cost of food supplies at the farm and to the consumer, and later to the creation of an Office of Markets

**Postwar Aid** The Federal Farm Loan Act of 1916 was supplemented by the establishment in 1923 of the Federal Intermediate Credit Banks the function of which was to furnish credit for a longer period of time than that offered by commercial banks Many other banks and credit institutions have been created since 1923 to aid the farmers and many of them have done excellent work in providing more adequate financing for the farmers but such agencies did not get at the roots of the farm problem and hence permanent recovery could not be expected from them

The McNary Haugen Bills originally proposed in 1924 twice vetoed and finally passed in 1929 created a government corporation to buy up certain farm products at a price that would

<sup>1</sup> *Ibid* p 249

<sup>2</sup> *Ibid* p 251

return a fair profit to the producer and that would sell the surplus abroad at whatever price it would bring. The cost of this plan was to be met by an equalization tax on the producer.

The Agricultural Marketing Act of 1929 established a Federal Farm Board to promote the effective merchandising of agricultural commodities to interstate and foreign commerce and to place agriculture on a basis of economic equality with other industries. Congress appropriated \$500 000 000 as an operating fund for the Board to buy up surplus stocks of basic crops. These were either to be held off the market or to be sold in such a way as to raise prices. Though it recognized the importance of production control, the Act gave the Farm Board no power to achieve it. The Board's only recourse in this matter was education and exhortation. The obvious result was a piling up of surpluses that could not be sold profitably and that constituted a heavy loss for the government.

The farm situation from 1929 to 1933 is unparalleled in American history. Farm income collapsed. The farmers were in desperate straits and in some localities actually rebellious. The Republican platform in 1932 left the way open for production control, but Mr. Hoover in his acceptance speech closed it by saying: "There is no relief to the farmer by extending government bureaucracy to control his production and thus curtail his liberties."<sup>1</sup> The Democratic platform closed the way, but Roosevelt opened it in his Topeka speech.

Federal action especially after the election of 1932 was given new impetus by Congressional authorization of action programs. New agencies — the first of which was the Agricultural Adjustment Administration — were set up practically overnight. Programs sprang up for rural rehabilitation, for controlling soil erosion, for the purchase of farms by tenants, for flood control and many other adjustments. These vigorous programs sometimes stepped on one another's toes. Under the early Agricultural Adjustment Administration program

a farmer would have to take some of his land out of wheat in order to qualify for a benefit payment. But under the early Resettlement Administration program he might have to put the land into wheat to qualify for a rehabilitation loan.

<sup>1</sup> Mitchell and Mitchell *op cit* p. 293



But whether he took the land out of wheat or left it in wheat it might blow away therefore the Soil Conservation Service might advise him to restore the land to grass <sup>1</sup>

*Farm Credit Administration* The Federal Farm Credit Act as it stands consists of a number of credit agencies like the Federal Farm Mortgage Corporation which provides funds for land bank commissioner loans. The corporation utilizes the services of the national farm loan associations and the facilities of the Federal Land Banks which act as its agents. The Federal Land Banks of which there are twelve, were organized to furnish long term amortized loans secured by first mortgages on farms. Loans made by the Federal Land Banks may not exceed 50 per cent of the value of the mortgage or 20 per cent of the permanent insured equipment on the farm. Loans may be made for general agricultural uses such as the purchase of land, fertilizer, livestock, and farm equipment. Other lending agencies available for various short time specialized loans are Banks for Cooperatives, Production Credit Corporations, Emergency Crop and Feed Loans, Regional Agricultural Credit Corporations, and the Federal Credit Union System.

**Federal Aid under the New Deal** The Agricultural Adjustment Act of 1933 was passed as an emergency measure, though it was hoped that its production control and land use features would be continued as a permanent policy. It gave the Secretary of Agriculture through the Agricultural Adjustment Administration created by it, authority to raise the farmers' income by four main devices: (1) restriction of output and removal of surplus from the market; (2) direct payment to farmers for crop reduction; (3) levying of excise taxes on processors <sup>2</sup> (to get money to pay the benefits); and (4) marketing agreements between producers, cooperatives, processors, and distributors (permitted or required by government) for the purpose of raising or maintaining prices <sup>3</sup>. The whole purpose was to establish a price relationship comparable to that existing in the base

<sup>1</sup> *Yearbook of Agriculture* 1940 p. 1130

<sup>2</sup> These taxes levied on the first processor of the crude commodity (and carried ultimately to the consumer) equaled the difference between the current market price and the price to which the product had to be raised in order to give the farmer the purchasing power he had enjoyed in 1910-1914

<sup>3</sup> Mitchell and Mitchell *op cit* p. 295

period — the five years preceding the First World War or from the middle of 1909 to the middle of 1914 The AAA concentrated on crop reduction Acreage allotments were made for the basic commodities<sup>1</sup> in order to balance supply and demand and benefits or rentals were paid to those who cooperated (Acceptance of the acreage allotment was voluntary)

Crop control at first meant plowing under In the case of wheat this was unnecessary the first year because injurious weather destroyed the crop but 10 000,000 acres of cotton were plowed under More than 6 000,000 swine were slaughtered in 1933 more than 12 000 acres of tobacco were plowed up and 60,000 000 pounds of butter were purchased by the government and distributed to the relief population<sup>2</sup>

The original plan to make farmer cooperation voluntary was changed in 1934 to one of compulsion in cotton and tobacco Implementation for this compulsion was possible through the Bankhead Cotton Control Act and the Kerr Smith Tobacco Control Act both of which involved prohibitive taxes against production in excess of assigned quotas These acts however were later declared unconstitutional

The result of the control program was higher prices for those products in which it was effective, and an increasing interest on the part of farmers in benefit payments Evasions of course occurred but where they were detected some effort was made to prevent their defeating the program

The AAA had other price raising devices (1) loans to farmers to permit them to hold corn and cotton off the market (2) assistance to export (3) diversion of products to relief and other uses and (4) marketing agreements To assist export the North Pacific Emergency Export Corporation was set up and financed by the AAA Exports of wheat flour and cotton to China and Russia were also subsidized by the AAA and the RFC gave China a special loan with which to buy these products

The third method while it did involve feeding the hungry, was largely a device for clearing products off the market as is

<sup>1</sup>At first these were wheat cotton field corn hogs rice tobacco and milk Later partly through pressure by farmers rye flax barley sorghum, cattle pea nuts sugar beets sugar cane and potatoes were added

Mitchell and Mitchell *op cit* pp 297-298

evidenced by the quantity of these products given over to lower value uses. For instance, 10 000 000 square yards of cotton cloth were used for reinforcement in building highways, and 80 000 cotton mats for curing concrete.<sup>1</sup>

Marketing agreements grew largely out of practices which had been developing for several years. In general processors and distributors agreed to pay producers higher prices for their goods with the understanding that production control of one sort or another would be put into effect. Frequently the agreements sought to reduce middlemen's charges and improve trade practices.<sup>2</sup> Licenses issued by the Secretary of Agriculture protected these agreements when most of the processors and distributors had agreed to some arrangement; licenses were withheld from others unless they also adhered.

After a time processors and distributors came to doubt the Secretary's authority to compel compliance with these agreements, but the AAA contended that since intrastate price influenced interstate price, control of both was necessary. Because this device was similar to the codes set up for industry in the NRA, the Schechter decision holding the NRA unconstitutional was applied to marketing agreements and all but a few agreements (kept in force by powerful autonomous groups) were abandoned.

In 1936 the AAA was declared unconstitutional because it purported to regulate and control agricultural production, a power which resided not in Congress but in the states. The processing tax also was declared void since it was part of the scheme to control production. This decision helped to shape the substitute Soil Conservation and Domestic Allotment Act of 1936 which replaced the contracts under the original adjustment program; conditional payments replaced benefit payments; direct appropriations replaced processing taxes; and the emphasis was shifted from acreage control toward soil conservation and upbuilding.<sup>3</sup> Thus many provisions of the original Adjustment Act were subsumed in the new Domestic Allotment Act; the important feature — acreage control — was achieved through payments for "conservation," which amounted to taking crop land out of use.

<sup>1</sup> *Ibid.* p. 303

<sup>2</sup> *Ibid.*

<sup>3</sup> *Yearbook of Agriculture* 1940 p. 317

*The 1938 Agricultural Adjustment Act* The Agricultural Adjustment Act of 1938 and other measures represent to a large extent a synthesis and culmination of earlier farm legislation. The existing legislation may be considered under six major headings: (1) loans, marketing quotas and parity payments; (2) marketing agreements; (3) the diversion of surplus production into both domestic and foreign channels and the development of new uses for agricultural products; (4) crop insurance; (5) soil conservation, good farm management, and balanced output; and (6) miscellaneous aids to the farmer.

*Loans, Marketing Quotas and Parity Payments* All three of these measures are designed to increase the farmers' income in comparison with consumers' prices. The Agricultural Adjustment Act of 1938 provided for mandatory loans on specified commodities, with minimum rates set at 52 per cent of the parity price of the commodity. Commodity loans have become a definite part of the ever normal granary program under which the government buys up the surplus grain in good crop years and stores it under seal for distribution in poor crop years. This was an outgrowth of the 1933 experience with loans to farmers on store products.

The Commodity Credit Corporation was directed by the Act to make loans on cotton, corn and wheat under supply and price conditions specified in the Act itself. Amounts, terms and conditions of loans made by this agency on other commodities were to be determined by the Secretary of Agriculture with the approval of the Commodity Credit Corporation and the President.

The marketing quota is a mechanism which seeks to limit the sales of a given commodity on the market during a given year by levying penalties on marketings in excess of the quota. This principle is based on the right of Congress to regulate interstate and foreign commerce rather than on production control. Quotas may be introduced only after two thirds of the producers of the product have voted in a special referendum to adopt them. The procedure for determining quotas varies with the commodity and quotas have not been proclaimed for wheat or corn. In cotton and tobacco this mechanism has proved very effective.

Parity payments under the AAA of 1938 may be made by the Secretary of Agriculture insofar as funds are available to pro

ducers of the five basic commodities (corn wheat cotton tobacco and rice) which together with the farmers income from the sale of these crops will bring them a return approximately equal to parity price on normal production More recently parity income has been considered a more desirable measure to achieve price stabilization This attempts to establish the ratio between the purchasing power of the net income per person on farms and that of the income per person not on farms that prevailed during the 5 year period August 1909-July 1914 inclusive <sup>1</sup> However the fact that incomes cannot be determined so readily or so accurately as prices reduces the usefulness of this criterion

*Marketing Agreements* The Agricultural Marketing Agreement Act of 1937 enabled farmers and distributors to establish permanent and rational marketing systems for crops Surpluses in excess of the requirements for ordinary marketing could be handled by marketing agreements between the Federal Farm Board and farmers cooperatives or corporations established and controlled by cooperatives

*Diversion of Surplus* The AAA of 1938 continued the Federal Surplus Commodities Corporation and established four regional laboratories for research into new uses for farm products The former agency carries out operations for increasing domestic use of farm products The Act also provides that 30 per cent of receipts from import duties be set aside for use in surplus removal operations

*Crop Insurance* The Federal Crop Insurance Act (Title V of the Agricultural Adjustment Act of 1938) set up the Federal Crop Insurance Corporation within the Department of Agriculture With a capital stock of \$100 000 000 it was empowered to write insurance against loss in wheat yields Crop insurance has been of public interest since the early 1920 s and even private companies have attempted to enter this field The immediate inspiration of the present law was the report of the President's Committee on Crop Insurance (1936)

*Soil Conservation* Conservation of the soil has been a problem for both the government and the farmer for the last half century Considerable research has been conducted by the government

<sup>1</sup> *Yearbook of Agriculture* 1940 p 320

and by private agencies to find ways and means to stop soil depletion and erosion. Since 1933 the government has maintained a Soil Erosion Service whose employees demonstrate to the farmers methods of preventing erosion — forestation contour plowing stripping and terracing. The maintenance of soil resources is one of the basic objectives of the AAA of 1938. As part of the conservation program large scale projects in drainage and irrigation have been undertaken. Improvements in pump machinery and devices for measuring the amount of flow and seepage of water have placed irrigation methods on a scientific basis. The extension of electric power lines and reduction in the cost of fuel have made it possible to bring water from distant streams and lakes. There are at present over 48 000,000 acres under Soil Conservation Service. Perhaps the major project of soil conservation undertaken was that of the dust bowl region. Conservation of this area was accomplished by the planting of cover crops, careful attention to moisture before wheat is planted and strip and contour plowing.

*Miscellaneous Aids* The Department of Agriculture has maintained for many years various types of services to the farmers. Experiments have been made in cross pollination and cross breeding for the purpose of improving strains and combating diseases and recommendations based on them have been widely disseminated. Reports of many types are issued on the culture of all kinds of crops with directions for proper planting cultivation treatment in case of disease and so forth. It has been the province of the states however to provide formal education on agriculture to the farmer. State legislatures have appropriated millions of dollars for experimental purposes and for the dissemination of information. There are over 500 farm journals published under the supervision of state agricultural departments some of which have a circulation of 500 000 or more. Some states require agriculture in the curriculum of the high schools. Both state and federal departments of agriculture conduct regular educational programs by radio.

The Rural Electrification Act, passed in 1936, is administered through the Department of Agriculture. It provides electric service for people in rural areas where private agencies have not considered it economical to extend their lines. The REA also

makes loans for the building of power distribution lines and helps to finance the wiring of homesteads and the installation of plumbing systems. It cooperates with the Home and Farm Authority in financing electrical appliances which are purchased by the farmer. When the program is completed over 850 000 farms and rural institutions will enjoy electrification comparable with that of urban communities.

The Farm Security Administration has made a significant contribution to health needs. With the joint cooperation of state and county authorities the Administration has provided sanitation, medical and dental care and hospitalization to over 100 000 low income families. Education has been provided to many youths through the National Youth Administration, the pressing need for which can be gaged from the report of the United States National Emergency Council of 1938. This report states that for the state of Mississippi alone there were 1500 school centers without school buildings requiring children to attend school in lodge halls, abandoned tenant houses, country churches and in some instances even in cotton pens.<sup>1</sup>

**Newer Farm Problems** The foregoing discussion indicates briefly some of the major action measures designed to alleviate the plight of the farmer. There are still, however, problems that remain unsolved, the most important of which are the problem of tenancy and the problem of marginal farmers.

**Tenancy** The continuing increase in farm tenancy (now 42 per cent of our farmers and in some states as high as 70 per cent) is gaining some attention through the rather roundabout medium of dealing with soil misuse, though it has previously been recognized as a problem. Tenancy reached an all time high under the 1933 crop curtailment program, which merely changed the distribution of recovery among different groups instead of achieving total recovery. The bounties given by the Federal government for taking land out of cultivation increased the money income of many farmers, but at the same time it threw many sharecroppers into the farm labor class which was already badly overcrowded. Share tenants and sharecroppers were not credited with any part of the bounties due them under the 1933 contract. If they received anything at all it was through the generosity

<sup>1</sup> *Yearbook of Agriculture* 1940 p. 824

of the landlord. Although the crop reduction program applied to all agricultural areas, the southern sharecroppers, tenants, and farm laborers were most adversely affected by it. Many were forced to leave their homes and join the migratory class.

The President's Committee on Tenancy in 1936 recommended that state legislatures and Congress consider extending the protections of unemployment, accident, and old age insurance and of collective bargaining to these farm laborers where they are engaged by single employers in numbers.

The Bankhead Jones Farm Tenant Act of 1937 authorized loans to tenant farmers, sharecroppers, and farm laborers for the purchase of farms on a forty-year mortgage basis, but the funds available were so small as to be largely limited to experimental use. The Farm Security Administration now has this function. Another approach is being made to the problem through a study of local customs and laws pertaining to leases.

*The Marginal Farmer* The earlier absorption of the farm population by industry has now come almost to a halt, while the rate of natural increase of the rural population is still higher than that of the urban population. About 50 per cent of the farmers produce about 90 per cent of our commercial agricultural products; the other 50 per cent — which is likely to increase — constitutes a marginal and in part a surplus farm population which has some difficulty in earning a livelihood. The condition of these people is aggravated by times of drought and other natural disasters. This type of farmer may be considered the rural counterpart of the urban unemployed worker. Efforts to help this group have been made by the FERA, the Resettlement Administration, and more recently the Farm Security Administration.

## AGRICULTURE IN WORLD WAR II

**The Farm Labor Supply** The accompanying map<sup>1</sup> shows the population shifts from and to various regions in the United States. It was to be expected that the agricultural areas would reveal the greatest losses, and the areas of great war activity the largest increases. This farm-to-city migration would suggest

<sup>1</sup> *Business Week*, August 7, 1943, pp. 41 and 42.



# WAR FORCES POPULATION SHIFTS

All s ctions except We t lose a A my takes men from civilian l fe

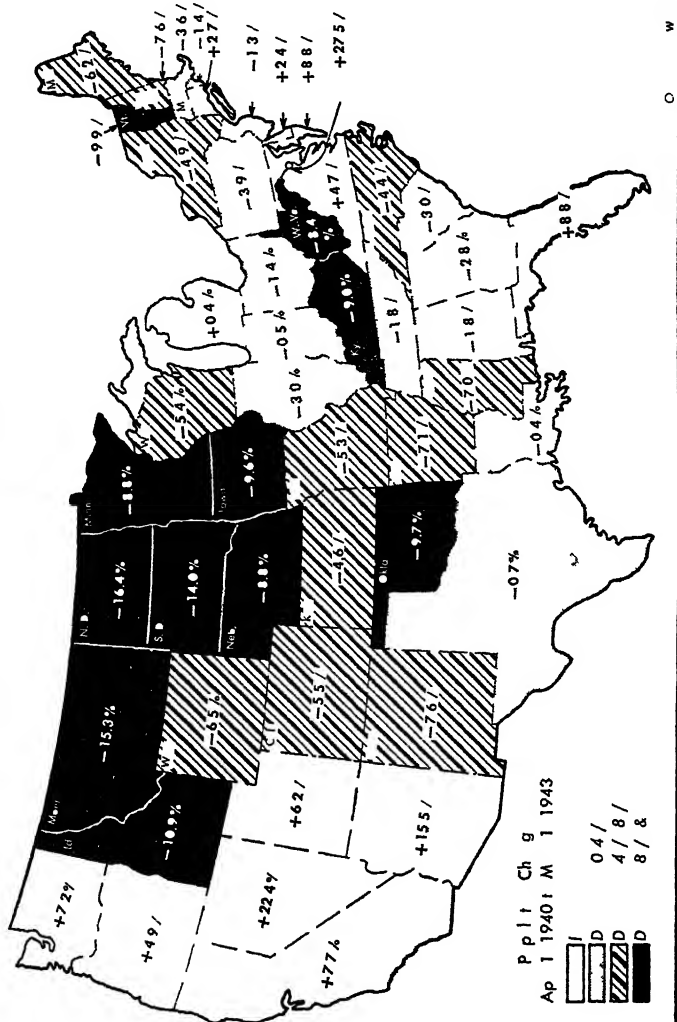


Fig 28

a manpower shortage in agriculture Congressional committee investigations and reports of the Department of Agriculture and the War Manpower Commission indicate however that the widely publicized shortage of farm labor has not materialized except in a few limited areas Victory gardens food rationing better utilization of existing supplies and the recruiting of school children and women from the cities for seasonal work in agriculture, together with the importation of some agricultural workers from Mexico and the islands of the Caribbean have been important factors in averting or relieving this threat

**Recent Farm Production and Income** The farm situation for 1944 reflects a healthy condition both in production and in net income The farm gross income for 1943 was estimated at 22.7 billion dollars Although production expenses have gradually risen since 1938, the 1943 net income rose sharply and was estimated at 12.5 billion dollars This was the result of good crops record livestock numbers, and favorable prices

Although crop production in 1943 in the United States was 6 per cent below that of 1942, there was an increase in 1943 of 5 per cent over that of any previous year while the aggregate production of the 53 principal crops including fruits was up 9 per cent

**Subsidies and Farm Prices** A subsidy is a payment by the government to a producer processor or distributor to make up the difference between his cost of production plus a reasonable profit and what the product actually sells for on the market The use of subsidies is not a new device to curb or control price levels In the past the government has subsidized railroad water and air transportation oil companies and high cost copper lead and zinc mines We cannot hope to have price stabilization in time of war if we leave matters to the free working forces of supply and demand Subsidies alone cannot accomplish this goal but with the cooperation of all agencies concerned they serve as a temporary expedient to minimize the vicious spiral of inflation

**Lend-Lease** The Lend Lease agreement entered into by twenty seven allied nations mutually pledged to their common war undertaking such articles services facilities or information as each may be in a position to supply Formal provision for

reciprocal lend lease aid was made in the master agreement with Great Britain and similar arrangements have subsequently been

LEND-LEASE AID <sup>1</sup>

CUMULATIVE FROM MARCH 1941 THROUGH FEBRUARY 28 1943

Thousands of Dollars

Type of Aid	United Kingdom	USSR	Africa and Middle East	China India Australia and New Zealand	Other	Total
<i>Goods Transferred</i>						
Munitions						
Ordnance	150 067	48 207	103 331	88 430	37 973	428 008
Ammunition	245 903	194 117	202 059	163 090	46 385	851 554
Aircraft and parts	354 538	354 938	247 131	224 742	164 437	1 345 786
Tanks and parts	96 158	213 412	149 023	186 403	25 065	670 061
Motor vehicles	56 851	165 160	93 185	81 014	8 122	404 332
Watercraft and parts	397 664	52 307	105 646	25 369	13 544	594 530
Total	1 301 181	1 028 141	900 375	769 048	295 526	4 294 271
Industrial products						
Machinery	149 660	84 770	54 174	43 883	3 463	335 950
Metals	258 250	146 266	80 147	85 128	8 905	578 696
Petroleum products	275 965	18 007	39 011	43 468	5 779	382 230
Other industrial products	415 472	129 996	124 193	85 856	35 112	790 649
Total	1 099 367	379 039	297 525	258 335	53 259	2 087 525
Agricultural products						
Foodstuffs	981 047	127 580	38 989	25 290	8 430	1 181 336
Other agricultural products	247 669	514	4 008	13 667	1 870	267 728
Total	1 228 716	128 094	42 997	38 957	10 300	1 449 064
Total goods	3 629 264	1 535 274	1 240 897	1 066 340	359 085	7 830 860
<i>Services Rendered</i>						
Ship repairs, etc	165 150	30 399	56 359	43 743	16 263	311 914
Shipping	435 867	126 799	148 742	125 561	42 921	879 890
Production facilities	167 271	131 940	115 931	98 817	38 091	552 050
Miscellaneous	32 496	1 188	11 089	9 106	3 200	57 079
Total services	800 784	290 326	332 121	277 227	100 475	1 800 933
Total Lend Lease Aid	4 430 048	1 825 600	1 573 018	1 343 567	459 560	9 631 793

Certain transfer totals include small amounts of goods diverted to United States armed forces after lend lease transfer but subject to future replacement

<sup>1</sup> Page 25 Eighth Quarterly Report to Congress on Lend Lease operations for the period ending March 11 1943

made with the USSR China the Netherlands Norway Poland Yugoslavia, Czechoslovakia Greece and Belgium The accompanying figures give some idea of what the contributions of the United States have been in the form of military items industrial materials, agricultural products and services to the various allied nations There have also been reverse or reciprocal aids not all of which can be measured in dollars and cents President Roosevelt has stated to Congress In passing and extending the Lend Lease Act the United States wants no new war debts to jeopardize the common peace Victory and a secure peace are the only coin in which we can be repaid <sup>1</sup>

**The International Food Conference** The International Food Conference first met in Hot Springs Virginia for the purpose of planning a post war world in which all people were to be fed in accordance with the requirements of good health It brought forth for the first time an expression from the Soviet Union of its willingness to cooperate with other nations in this matter Also small nations were to be given an opportunity to express themselves in the first general inventory of the potential food needs of the world A minimum dietary standard was recommended The representatives of each nation were to work out a plan best suited to the needs of their respective peoples

**The UNRRA** The United Nations Relief and Rehabilitation Administration was the outgrowth of the International Food Conference participated in by representatives of the forty four nations who met on November 10 1943 at Atlantic City The objectives of the UNRRA are (1) relief to the suffering of all the liberated nations in the form of food, clothing shelter and medicine (2) the furnishing of other vital supplies and services in order to enable the stricken peoples to help themselves and perhaps others as well (3) the rehabilitation and restoration of the principal public services of immediate importance such as light water fuel transport and communication facilities and educational institutions Relief and rehabilitation needs are to be met in the order mentioned The American contribution will be made through the United States Office of

<sup>1</sup> *Report of the 78th Congress from the Passage of the Act March 11 1941 to December 31 1942 Twelfth Report to Congress on Lend Lease Operations Reverse Lend Lease Aid from the British Commonwealth*

Foreign Relief and Rehabilitation The head of this office is also Director General of the UNRRA The Central Committee is composed of representatives of the United States, Great Britain the Soviet Union and China The operations of the UNRRA will in no way obstruct or hamper the successful prosecution of the war It is rather to be looked upon as a post war agency that will quickly and in an orderly manner reestablish international trade through the prudent allocation of necessities to the war stricken areas

### TERMS TO BE UNDERSTOOD

scientific agriculture	off the farm employment
cash benefits	parity prices
cross pollination	sharecropper
dust bowl	share tenancy
Ever Normal Granary	subsidy
furnish	urbanization
hybrid seeds	village

### QUESTIONS FOR DISCUSSION

- 1 What are the causes and the social implications of the increased mobility of our rural and urban population?
- 2 Do you agree that our present agricultural situation is due to the over mechanization of agriculture? What other reasons can you suggest?
- 3 What reasons can you give that the development of a market in which economic adjustments are brought about by changes in volume of production rather than by changes in price is more beneficial to the farmer?
- 4 Comment on the statement that the solution of the agricultural problems are not to be sought in widening our foreign markets but rather in a program of a greater degree of self sufficiency
- 5 What consequences can you foresee if the various federal agencies continue to exert a greater influence on agriculture?
- 6 In what respect are the various governmental programs designed to deal with agricultural problems in conflict with one another?
- 7 To what extent are the interests of city people and of farmers identical and to what extent are they in conflict?
- 8 Outline a program for bringing rural standards of living more nearly on a par with urban standards
- 9 Why are the problems of the farmer national problems?
- 10 Compare the plight of the farmer today with that of 100 years ago

## FOR FURTHER STUDY

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- Blaisdell D C *Government and Agriculture* Farrar & Rinehart Inc New York  
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## CHAPTER 16

### WORK AND WAGES

Labor includes all human effort mental or physical that contributes to the production of economic goods or services. The remuneration for labor is called wages. Sometimes wages are referred to as salaries, fees, or commissions. The term wages of management often misunderstood merits discussion here. In some cases, a manager has no share in the ownership of a business; he is a hired employee and his wages consist only of wages of management. In other cases, the hired manager's contract may stipulate fixed wages of management plus a bonus (a share of profits) if profits exceed a certain amount. And again when the manager has capital invested in the business his income consists (first) of interest on his investment (second) wages of management and (third) profit if there is any residual. In this last instance the manager is self employed.

A worker may be self employed either as manager or ordinary laborer or both. If the owner of a single proprietary grocery store spends some of his time as a clerk and gives the remainder of his time to management, he is self employed both as clerk and manager and his accounting records should show that he receives both wages (as clerk) and wages of management. And of course he also receives interest and profits (if any are made). Owners in a partnership or in a corporation may likewise be self employed. Physicians, lawyers, and other professional workers may also be self employed. Also farm owner operators and tenant farmers fall in this category. In Table XXX self employed workers are included in the first two groups listed.

**The Characteristics of Labor** Labor like land and capital is a factor in production, and like these other factors labor is bargained for in a market — the labor market. It is in this sense that labor is properly referred to as a commodity for the price of labor (wage) is determined by the demand for labor on

the one hand and the available supply on the other. But labor differs from other commodities in many respects. Because it is human it is sensitive to the conditions under which it is used. It responds to psychological influences, the suitability of work to one's class or skill, the propriety of employment of women, children, immigrants, prisoners, the adequacy of the wage to afford a satisfactory standard of living. Too labor is immobile. Frequent changes of locality are expensive and often necessitate difficult and undesirable social readjustments. And finally labor is highly perishable for it cannot be stored up for future use as can some other commodities.

It can readily be seen, therefore, that on the supply side the labor market is not thoroughly organized. On the demand side also, there is uncertainty due to seasonality of some products, technological advance, the cycle, and at times wage disputes. Labor supply is partially organized through union activity, public and private employment offices, and legal controls such as that of the Fair Labor Standards Act. Consequently, in the large industrial areas and in times of continued business prosperity a labor market in the true sense does exist; that is, the forces of supply and demand are at equilibrium and one price prevails for each type of work or skill. But in smaller communities and in some agricultural regions the labor market is not well organized, with the result that wages lack uniformity and are inadequate for a good level of living.

In the attempts to compile labor statistics in these years of scarcity of work, some confusion has arisen as to what constitutes employment or unemployment. In the Unemployment Census of 1930, conducted by the Department of Commerce in conjunction with the regular decennial census, a person was classified as unemployed if he was "without a job, able to work, and looking for a job."<sup>1</sup> In their canvass persons were considered as having jobs if they had been laid off but expected to return to their former jobs; that is, these persons were not looking for jobs. Obviously the exclusion of this group distorted the facts. In labor statistics compiled by other authorities, a person is classed as unemployed if he is able to work and willing to work yet is without a job because of lack of work. In this discussion



of work and wages, we shall use this latter definition of unemployment and we shall classify a laborer as employed when he is performing a contract to aid continuously in the production of economic goods at prevailing wages and hours

**Classes of Wage Earners** An analysis of the laboring population on the basis of skills and income will show that wage earners fall into four or five fairly distinct groups

Taussig's classification of laborers, which is widely accepted, is as follows <sup>1</sup>

1 Unskilled manual workers in all industries and agriculture whose tasks require practically no skill

2 Semiskilled manual workers who have acquired sufficient skill to operate the simpler tools or machines of factory, mine or farm

3 Skilled craftsmen of the building trades steam railroads metal trades

4 Clerical and semiprofessional ( white collar ) office and clerical workers, sales people teachers of minimum training

5 Superior or professional industrial leaders professional people of rank higher public officials

These labor groups are generally noncompeting This is especially true of the upper classes where specialization dominates It is less true of the two lowest groups which might be combined into one This permanency of stratification is due to (1) differences in native abilities and (2) inequality of opportunity or the accident of birth into a lower or a higher economic group But in a democracy such as ours many conditions are favorable to the leveling of barriers between labor groups our free public schools more rigid enforcement of compulsory school attendance the lower age limit to labor the decrease in immigration the increase in power of organized labor and the continued democratizing effects of our government and laws

In connection with the classification of workers it is helpful to study the following table in which Mr Alba M Edwards of the Bureau of the Census lists the number of workers by economic groups <sup>2</sup>

<sup>1</sup> Frank W Taussig *Principles of Economics* The Macmillan Co New York 1939 II 235-237

<sup>2</sup> Stein Davis and others *Labor Problems in America* Farrar & Rinehart Inc New York 1940 p 23

TABLE XXX  
NUMBER OF GAINFUL WORKERS IN VARIOUS ECONOMIC GROUPS 1930\*

<i>Economic Groups</i>	<i>Male</i>	<i>Female</i>
1 Professional persons	1 497 934	1 447 865
2 Proprietors managers and officials		
<i>a</i> Farmers (owners and tenants)	5 749 367	262 645
<i>b</i> Wholesale and retail dealers	1 675 193	111 854
<i>c</i> Other proprietors managers and officials	1 735 536	131 145
3 Clerks and kindred workers	4 877 235	3 072 220
4 Skilled workers and foremen	6 201 542	81 145
5 Semiskilled workers	5 448 158	2 529 414
6 Unskilled workers		
<i>a</i> Farm laborers	3 746 433	646 331
<i>b</i> Factory and building construction laborers	3 248 622	125 321
<i>c</i> Other laborers	2 871 744	31 321
<i>d</i> Servant classes	1 026 240	2 312 657

This compilation includes unpaid family workers on farms numbering 1 660 000

**The Demand for Labor and the Wage Rate** In our profit motivated industrial system, the business manager estimates his demand for labor in the same way that he estimates his demand for land and capital, on the basis of his anticipated sales of the goods produced by these factors with a profit resulting therefrom. He pays rent, interest, and wages as prices for the productivity of land, capital, and labor, and he will not use an increasing amount of any or all of these factors unless he feels sure that by so doing he can increase his profit. The demand for labor is therefore determined largely by the productivity of labor.

Let us assume that a certain manager has added ten employees to his labor force, one or two at a time, paying them the wage then prevailing in the market. He hired these ten extra workers because he was reasonably sure that the additional output due to their labor could be sold in the market at such a price that he could pay the wages of these ten new workers as well as all other expenses and yet have an increase in profit.

Of course, as the manager increased the number of workers, he found that the output contributed by each additional worker was less than that of the one preceding. He would expect this decrease in accordance with the law of diminishing returns.

In fact the profit was large enough that it seemed advisable to add another worker

Now the manager's estimates show that the output of an additional (an eleventh) worker would be sufficient at least to pay for this worker's wage and other costs necessary in increasing the output. The manager may not make a profit on the output of this eleventh worker, but he is certain he will not sustain a loss. This additional laborer is called the *marginal laborer* since he adds to the output sufficiently to cover the costs of this extra output including his wage. The term *marginal worker* may also be explained by saying that whether the manager hires this marginal worker or not, the net result is the same. If the marginal worker is added, no gain is made; if he is not added, no loss results. The marginal laborer merely pays costs including his wage.

But the manager will not add another laborer, a twelfth, for his estimates show that the value of the output of a twelfth worker would be less than the cost of adding this worker. The experiment of this manager demonstrates the principle that wages tend to equal the marginal productivity of labor.

While this tendency exists in the wage market, often it is overtaken by other forces, such as the advantage of an employer in an overcrowded labor market, say at the depth of a depression. At such times wages are often lower than the marginal productivity of labor in relation to the retail price of the article produced. On the other hand, labor may through the strength of unionism maintain such high wages that labor productivity is questioned. In spite of exceptions, however, the principle of marginal productivity of labor is fundamental in importance. Studies reported by President Hoover's Research Committee on Social Trends show that the per capita output of labor rose steadily from 1899 to 1927 which was a period of increase in wages, and it is believed that since 1927 the productivity of labor has continued to increase.<sup>1</sup>

**Labor in Competition with Land and Capital** One of the decisions for which the entrepreneur is responsible is that of determining the relative proportions he will use of each of the factors

<sup>1</sup> President's Research Committee on Social Trends, *Recent Social Trends in the United States*, p. 805.

of production Labor must therefore compete with land or capital or both In a new country where land is cheap the farmer will use more land and less capital and labor But with increasing population land becomes more valuable and labor relatively cheaper The farm manager will then cultivate less land but he will cultivate it more intensively by using additional labor and often additional capital for machinery Finally machinery or capital in some other form may be used increasingly with a corresponding decrease in labor During the last twenty five years this competition between labor and capital has become intense Many analysts including labor leaders believe that the increased use of machinery has diminished proportionately labor's share of the national income This means that the total purchasing power of labor is lower which in turn accounts for the inability of industry to sell an increasing output at the level of prices commonly maintained

**Wages and the Business Cycle** The demand for labor is seriously affected by the cyclical movement Labor prices or wages are thrown out of adjustment during a business cycle, along with the other prices At the beginning of a recession wage rates are well maintained due to the influence of unions or the attitude of employers who do not relish the criticism that accompanies wage cutting, or government appeal such as that of President Hoover who urged in 1930 that employment and wage scales be continued as usual This steadiness of the wage scale at the beginning of a recession is referred to as a lag in wages one that is apparently beneficial to labor

However most industries will soon lay off workers though they retain the original wage scale, so that the net result for labor as a whole is a decrease in income and purchasing power Then as the recession continues and employers are realizing net losses they will be forced to cut wages Unionism weakens at such times which makes it easier for managers to cut their labor forces

When recovery begins employers usually will not increase wages simultaneously with increases in retail prices or profits Hence there is again a lag of wages this time detrimental to labor as industry takes a considerable increase in margin of profit before granting an advance in the wage scale This explains why the upswing of the cycle is commonly a period of

strikes In their effort to secure an adjustment of wages to other prices laborers are compelled to use collective bargaining and they must resort to the strike if more peaceable methods fail

It must be remembered that there is a large group of workers, including public officials and those in the higher positions in industry, whose salaries are more or less fixed In the long run, this group is not seriously affected by the cyclical movement

**Money Wages and Real Wages** If a man earns a yearly salary of \$2000, that amount is his money wage but his real wage is the total quantity of goods and services that he can purchase with that salary Real wage is wage expressed as purchasing power and may at any given time be more or less, or approximately equal to the money wage depending upon (1) what year is assumed as a base, and (2) the stage of the business cycle then existing The purchasing power of money fluctuates widely between times of prosperity and depression Many statisticians use 1926 as a normal year or 100 per cent The year 1932 was the low of the great depression with a price level of 65 per cent compared with 1926 (Bureau of Labor Statistics index of wholesale prices) In 1940 we were more prosperous, as indicated by the April index of 78.6 per cent<sup>1</sup>

In the following schedule we note the fluctuations in real wages or purchasing power when money wages remain unchanged (For 1940 we approximate the index at 80)

TABLE XXXI

<i>Year</i>	<i>Money Wage per Month</i>	<i>Price Ind x Based on 1926</i>	<i>Real Monthly Wage</i>
1926	\$200	100%	\$200
1932	200	65	307
1940	200	80	250

*Formula* Money wage divided by price index equals real wage or purchasing power

*NOTE* The purchasing power of the dollar is the reciprocal of the price index

The next schedule shows how money wages can be adjusted to the price level so as to keep real wages or purchasing power steady

<sup>1</sup> *Labor Information Bulletin* Bureau of Labor Statistics Washington D C June 1942

TABLE XXXII

<i>Year</i>	<i>Money Wage per Month</i>	<i>Price Index Based on 1926</i>	<i>Real Monthly Wage</i>
1926	\$200	100 <sup>cr</sup>	\$200
1932	130	65	200
1940	160	80	200

*Formula* Money wage divided by price index equals real wage or real wage multiplied by the price index equals money wage

Real wages are the true measure of one's level of living. In order to keep real wages steady we need, somehow, to control the business cycle. If commodity prices cannot be kept in line then labor prices (wage scales) might be made adjustable. The wage scales required under the Fair Labor Standards Act (see page 516) are not adjustable yet this legislation is a step in that direction.

TABLE XXXIII

ESTIMATED SHARES OF NATIONAL INCOME RECEIVED BY MAJOR INCOME GROUPS SELECTED YEARS <sup>1</sup>

<i>Year</i>	<i>Estimated Percentages of Total Income Paid Out</i>		
	<i>To Wage Earners</i>	<i>To Salaried Employees</i>	<i>To Enterprisers and Property Owners</i>
1910	39	16	45
1918	36	20	44
1921	44	23	33
1929	42	22	36
1932	39	23	38
1935	43	21	36

The table above shows the effect of the business cycle upon the shares of the total national income going to three groups: wage earners, salaried employees, and enterprisers and property owners. One should note that the share of wage earners decreased markedly during the onset of the depression in 1929, while the shares of the other groups increased. Further, the share of the

<sup>1</sup>Carroll R. Daugherty *Labor Problems in American Industry* New York 1938 p. 151

wage earner had increased by 1935, but not at the expense of the other groups, which maintained about the same relative positions that they held in 1929

**Wages and the Labor Union** In any industrial capitalistic country of large population, wage earners eventually appreciate that they must form their own monopolistic groups if they would bargain effectively with powerful entrepreneurs. Especially is this necessary where the corporate form of business has brought together large aggregations of workers into single industries as is the case in this country. Wages undoubtedly are higher because laborers have united to increase their bargaining power. Labor unions have contributed to social betterment also by exercising control over working conditions and by improving the general standard of living through their maintenance of high wage scales.

**The Supply of Labor** Our total labor supply is increasing at a slower rate due to the gradual decrease in the rate of increase of the entire population of the country and due also to the more rigid restrictions on immigration in recent years. This fact, together with the compulsory retirement age limit, will in time make the unemployment problem somewhat less difficult.

The natural immobility of labor is accentuated by the vast size of our country. Moving costs are necessarily heavy. However, prejudice and narrow provincialism often deter workers from moving though they admit the change would be advantageous. In recent years several factors have tended to decrease immobility: the automobile, the trailer, cheaper rail and bus transportation. The depression itself compelled many to accept employment in new localities. The Civilian Conservation Corps camps educated youths to the advantages of life in areas other than their place of birth, sometimes a city slum. Perhaps also the federal housing plan might be developed to permit a workman the right to transfer the home equity he has acquired in one region to another region where home ownership is similarly financed.

**Labor Supply and Wages as Affected by Women and Children Laborers** According to the United States Census of Occupations the women wage earners ten years of age and over in this country in 1930 numbered more than 10 750 000 as against 2 650 000 in 1880 representing a 300 per cent increase in half

a century <sup>1</sup> The number of women thus reported in 1930 represented more than a fifth of the total labor supply The total of women workers has increased since 1930 but not at the same rate

While a considerable portion of women workers need and demand a wage equal to that of men in the same occupation the majority of women are content with smaller remuneration This differential between the wages of men and women is due to the apathy of women toward organization for collective bargaining and to the attitude of many women who want only 'spending money' or who, in anticipation of marriage wish to work only for a short time

The United States Women's Bureau finds that women in various occupations receive from 50 per cent to 75 per cent of what men are paid <sup>2</sup> The lower wage level commonly accepted by women works to the disadvantage of men who compete for the same lines of work and, of course lowers the standard of living for all Men laborers would be in better position if all women laborers would organize and demand equal pay for equal work as they have already done in some industries, for employers would then effect no saving by hiring women

The United States Census data show that the number of children workers between the ages of ten to fifteen inclusive gainfully employed was nearly 2 000 000 in 1910 but had dropped to about 670 000 in 1930 <sup>3</sup> Since then, because of the depression and because of some legislative control the number has not increased

About 70 per cent of the number of child workers in 1930 consisted of children in agriculture which includes those hired for a fixed wage and those who work full time for their parents without any wage contract The largest percentage of agricultural child laborers is found in ten of the cotton growing states while the largest portion of nonagricultural child labor employment is found in the Northeast, Connecticut, Rhode Island, and Maryland leading

<sup>1</sup> *Census of Occupations* (abstract summary) U S Bureau of the Census Washington D C 1932 pp 3-5

<sup>2</sup> U S Women's Bureau Bulletin No 85 *Wages of Women in Thirteen States* Washington D C 1931 pp 18 32

<sup>3</sup> *Census of Occupations* (abstract summary) U S Bureau of the Census Washington D C 1932 pp 3-5



The low wage of child labor constitutes another social problem. Statistics of 1932 show only \$2 to \$4 a week for spinning delivery work and similar employment. In the tobacco fields the averages range from 50 cents to \$2 a day.

Women and children workers are classified as 'substandard' workers, along with Negro immigrant and convict workers. The term 'substandard' does not mean that the performance of the task is necessarily inferior. It means rather that these workers are commonly given inferior tasks, paid relatively low wages and subjected to bad working conditions. Of course many women wage earners are not in the substandard class but those women who are so classified constitute the largest single group of substandard workers.

In Chapter 18 attention will be given to legislation affecting women and children in industry.

**Wages and Working Conditions in Agriculture** We are not concerned here with those farm laborers who are land owners, except to say that farm incomes have never recovered from the short but severe depression immediately following the first World War. During the last two decades the prices of farm products have not risen comparably with industrial prices. This disparity between agricultural and industrial incomes accounts in part for the low level of wages paid to hired agricultural workers.

In the southeastern states, which are predominantly agricultural, farm labor is so poorly paid that the standard of living is pitifully low. In 1929 the average per capita farm income in the ten southeastern states was \$160 compared to \$340 in all other states. Many sharecroppers and mountaineers exist merely at the subsistence level.

The tenancy system of agriculture prevalent in the South retards progress. The tenant or cropper seldom accumulates any savings and he is forced to borrow from the landowner who takes a lien against the crop. When the crop, usually cotton or tobacco, is sold and the landlord is paid, the tenant has little left or in fact he may still be indebted to the landlord. Thus he continues in the bondage of debt.

Strangely, these farm workers cling to this type of life which accounts in part for the fact that the farm population in the South still constitutes nearly 45 per cent of the total population whereas

the percentage for the entire country has dropped to about 25 per cent. However, if more of these farm laborers should transfer to industrial occupations in the South the effect would be to depress still further the wages in southern industries. In some instances the southern industrial laborer receives only one third the wage paid in the North for the same type of work. It is expected that a differential in wages should exist between the two regions due to the lower cost of living in the South, but the differential often is too great.

In other sections of the country the agricultural laborer is often of the migratory type. Between crop seasons he may move to an industrial center and there compete with other low priced labor for the scarce job.

Very little progress has been made in the unionization of farm labor and except for small areas of intensive farming such as fruit growing and canning crop areas there may never be any great success in organizing this large and scattered group of workers.

**The Problem of Unemployment** During the decade following 1930 the unemployment situation developed rapidly into one of the major socioeconomic problems of the nation. Many people have the impression that the unemployment problem did not exist prior to the great depression. This erroneous idea will be dispelled by studying the following data.

From the Report of a Committee of the President's Conference on Unemployment, 1929<sup>1</sup> we learn that unemployment exclusive of office workers and agricultural labor ranged from 1 400 000 to 4 270 000 during the decade of the twenties. In 1927 as we approached the pinnacle of so-called prosperity the number was 2,055 000. Hornell Hart<sup>2</sup> shows that the number of unemployed in the urban centers of the United States was never less than a million during the years 1902-1917 that the average for the period was two and a half million that the average for all non agricultural labor was 9.9 per cent for this period. Paul H. Douglas<sup>3</sup> shows that the unemployed averaged 8 per cent of all workers in all nonagricultural industries during the years 1890-1926.

<sup>1</sup> *Recent Economic Changes in the United States* New York 1929 II 478 Table 37

Hornell N. Hart *Fluctuations in Unemployment in Cities in the United States 1902 to 1917* Cincinnati 1918 p. 48 Table 1

<sup>3</sup> Paul H. Douglas *Real Wages in the United States 1890-1926* p. 459

In 1930 the total out of work (nonagricultural) was estimated at 3,300,000, and this number increased to 13 000,000 by 1933 the low of the cycle. By 1936 recovery had reduced unemployment to between 8 000 000 and 9 000 000 but in the recession of 1937-1938, the totals mounted again reaching 11,000 000 or probably more. In its report for March 1940 the National Industrial Conference Board estimated 9,300,000 workers unemployed.

These data do not include those working part time. In the years of greatest unemployment, many laborers still employed suffered an average reduction of 40 per cent in hours and wages.

At this point it will be helpful to check the preceding quotations on unemployment against the findings of the Enumerative Check Census on Total and Partial Unemployment conducted by the Federal government as a special census in November, 1937<sup>1</sup>. From the final report of this canvass, we learn that 10,983 000 persons were unemployed. Unemployed, as here used, included those totally unemployed and emergency workers (those employed on government made work). In addition, 5,550 000 persons were partly unemployed. The sum of these two figures indicated that in 1937, 16 533,000 persons, able and willing to work, were not satisfactorily employed in regular industrial pursuits. This canvass included all available workers of both sexes between the ages of fifteen to seventy four.

An analysis of these figures shows that the unemployed constituted about 12 per cent of the total population and about 20 per cent of the working population. The partially unemployed amounted to an additional 6 per cent of the total population and about 10 per cent of the working population. One out of every seven male workers and one out of every thirteen female workers were either unemployed or were on emergency relief work.

The data from this census are helpful as a check against unemployment estimates made by other agencies. Whereas this census reported unemployment of 10.9 million the AF of L report for the same month showed only 8.5 million the National Industrial Conference Board reported 7.7 million and the Alexander

<sup>1</sup> The Enumerative Check Census of November 1937. *Final Report on Total and Partial Unemployment*. U. S. Government Printing Office, Washington, D. C. Vol. IV, 1938.

Hamilton Institute 10 3 million The discrepancies are explained in part by the fact that these latter agencies did not make allowance for two new groups having entered the labor market (1) young workers and (2) members of families not previously classed as workers who sought employment as family incomes declined

**Causes for Unemployment** Broadly the causes for unemployment may be grouped under two heads personal and socio economic

Personal causes include (1) mental or physical unfitness including old age (2) lack of training (3) unwillingness to work

Persons suffering from incurable conditions either physical or mental, are unemployable not unemployed (by definition) Many who are curable are never restored to earning capacity

The question of a maximum age limit in industry is becoming increasingly serious with the continuance of a surplus labor supply The federal law specifies sixty five as the age for participation in retirement annuities Nevertheless studies of various industries indicate a tendency not to hire employees above forty or forty five and if possible to discharge those who have reached older ages say fifty or fifty five In one steel mill it was found that the average age was not far from thirty

Lack of training may be due to lack of vision or lack of ambition on the part of the worker to absence of compulsory education laws or failure to enforce existing school age laws to lack of training courses afforded by free schools to the workers lack of funds to pay for training that is not offered in free schools to lack of cooperation between schools and industrial organization as to training requirements and apprenticeship

Society always has been burdened with a small element which is habitually opposed to work but with the added incentive of the dole the number of persons adopting a philosophy of idleness is likely to be increasing

By far the largest portion of unemployment results from the following conditions which are inherent in our socio economic system (1) technological displacement of labor (2) fluctuations in the demand for labor, either seasonal or cyclical (3) lack of business planning, (4) inadequate organization of the labor market

No one questions the fact that temporary displacement of some wage earners is a necessary outcome of changes in the techniques of industry. A progressive society encourages the onward movement of technology, realizing full well that a price must be paid for this progress — the price of temporary unemployment for the surplus workers.

If one accepts the reasoning of orthodox economic theory, one concludes that technological change does not and cannot cause permanent unemployment. Many authorities on the other hand cite facts to contradict this theory. President Green of the American Federation of Labor in a study of figures for the manufacturing industries of the United States reports that in the years 1919 to 1929 production increased 42 per cent but the number of workers decreased 7 per cent. Thomas G. Spates finds from the reports of the Federal Reserve Board for the five year period 1925–1929 that there was a gain in the production of all industries of 26 per cent as compared with the five year period 1920–1924 but pay rolls increased only 9 per cent and employment only 4 per cent.

Technological unemployment also includes the reduction in jobs resulting from the consolidations of smaller corporations into larger ones. In the men's clothing industry from 1900 to 1925 statistics disclose a reduction in establishments from 28,000 to 4000, with an increase in output of more than 200 per cent yet employees decreased from 190 thousand to 175 thousand.

The seasonal fluctuation in demand for labor is based on climate or weather variability, style and fashion changes, the Christmas season, and vacation periods. Statistics reported by the Federated American Engineering Societies give us such data as the following.<sup>1</sup> Workmen in the building industries are busy only two thirds of the time, plant utilization of garment factories over a three year period does not exceed 69 per cent of a possible maximum with only 20 per cent operation during slack seasons, in the bituminous coal industry production ranges from 83 per cent of the average per annum in April to 115 per cent in November, in the retail trade the volume is greater during the Christmas season than at any other time of the year.

<sup>1</sup> Federated American Engineering Societies, *Waste in Industry*, McGraw Hill Book Co. New York, 1921.

December ranging 25 per cent more than February, and 30 per cent more than July or August. Laborers who are only seasonally employed form what is termed the labor reserve. Beveridge speaks of this reserve as an army created by industry itself and maintained in a state of quasi permanent unemployment in order that it may be ready to be called upon when the varying demands of competing employers require its temporary services.<sup>1</sup>

The cyclical fluctuation in business is the most serious cause of unemployment. It was estimated in 1933 the approximate low of the great depression, that fully one fourth of the laboring group was unemployed, an estimated thirteen million workers. As recovery slowly returned, unemployment was reduced, but many workers never were able to return to their original occupations and many others were compelled to move to new localities. Even in 1936 and 1937 when business was approaching the 1926 level of prosperity the number still unemployed was probably twice as great as in any depression prior to 1933. Again, at the close of 1939 the volume of business exceeded that of any previous high yet unemployment estimates stood at ten to eleven million, or one fourth of all employable workers.

Lack of competent planning either for the short run or for the long run is characteristic of American industry. Frequency of failures and small rates of net return on investment attest the fact that individual enterprises need to plan more carefully. Depressions and unemployment are equally convincing proof that we need economic planning on a national scale. A few concerns have, on their own initiative, undertaken to regularize their production and by so doing they are able to guarantee full time employment to their workers. An outstanding success in this field has been that of the Procter and Gamble Company. But industry as a whole has been apathetic to the rights and needs of labor.

The idea of stabilizing industry on a national scale predates the New Deal. Plans such as those of Mr. Gerard Swope and Professor Charles Beard were brought forth during the prosperous decade of the 1920's. They were favorably received as

<sup>1</sup>W. H. Beveridge *Unemployment* Longmans, Green & Company New York 1931 p. 70

plans or theories but no concerted effort was made by industrial leaders to put the theories into practice

The NIRA was set up as an emergency measure and it was not in effect long enough to indicate whether its provisions if extended would have had beneficial and permanent results. Many analysts maintain that it would have led to greater monopolistic control within the various industries.

With the NRA nullified, the government resorted to public works projects as a means of creating employment. Much good has come from these undertakings especially in the preservation of the self respect of workers thus employed for otherwise most of them would be thrown upon the dole. However, it seems doubtful whether the present program of public works will eventuate into permanent economic planning.

Unemployment could be appreciably reduced if the labor market were more adequately organized. A shortage of workers may exist in one region coincidentally with a surplus in another. Similarly, in one industry the demand for laborers may be considerably greater than the supply, while in others there may be an oversupply.

Private employment agencies serve only a few workers, those who can afford to pay the heavy fees commonly charged. Need for a nation wide system of placement bureaus had been recognized for several decades but no satisfactory plan was established until 1933, when the United States Employment Service was instituted. Its progress though slow, has been commendable. Most of the states have likewise been tardy in meeting the problem of placement. Since 1935 there has been coordination between federal and state employment bureaus and the Social Security administration for the purpose of distributing unemployment benefits. In time this national network of placement service should prove to be an effective factor in reducing unemployment.

In this brief introduction to the subject of work and wages one can readily sense the seriousness of our labor problem. Disregarding any impetus to industry afforded by a war program one may safely conclude that employment for our masses rests in part, with the willingness of workers to prepare adequately preferably in more than one of the skills. But in a larger measure

the utilization of our entire employable population depends upon the success with which entrepreneurs solve their part of the problem. Our social progress has been outdistanced by our progress in material things. Some analysts maintain that this imbalance is due to lack of competent industrial leadership, that our need is for administrators who are better qualified to grapple with the advances being made in technology. Perhaps a solution may lie in a closer cooperation between laborers and managers. Workers might assume more responsibility for improvement in work routines and supervision. This in turn might lead to a more democratic form of management with labor represented on the boards of directors of corporations and with labor likewise honored with appointments to officership.

### TERMS TO BE UNDERSTOOD

marginal productivity of labor	marginal worker
wages of management	substandard workers
real wages	unemployment
lag of wages	labor reserve
adjustable wage scale	dismissal wage
self employment	mobility of labor
entrepreneur	technological unemployment

### QUESTIONS FOR DISCUSSION

- 1 List arguments to affirm the belief that technological advance causes permanent unemployment. List arguments to refute this contention.
- 2 If you were the manager of a factory producing children's toys, what methods would you adopt to reduce seasonal unemployment?
- 3 When is the lag of wages beneficial to the wage earner? When is it disadvantageous? Explain.
- 4 Using the price indexes given on p. 467, what monthly wage would a man have needed in 1932 to give him the same purchasing power that he enjoyed from a salary of \$250 per month in 1926? How much would he need in 1940?
- 5 Give arguments for and against (a) the employment of women, (b) the employment of children.
- 6 Do you believe we could develop business planning without resorting to extensive government control or ownership of industrial concerns? Discuss and give concrete suggestions for planning.
- 7 In the college you attend, are any courses offered in which there is cooperation between your school and industrial organizations? If so, specify. If not, suggest what subjects would afford opportunity to establish cooperation between school and industry for the purpose of apprenticeship training.



## FOR FURTHER STUDY

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## CHAPTER 17

### LABOR ORGANIZATION

**The Purpose of Labor Organization** Workers organize for the same basic purpose that motivates associations of manufacturers and other producers, that is, control of the supply of goods or services and price. In the case of a labor group this control includes supply of laborers for a given type of work, conditions and hours of work, and price or wage. Whether an amalgamation be composed of manufacturers or workers, it is a monopolistic organization and any price determined by such a group is a monopolistic price.

In defense of its monopolistic practices labor has a reasonable argument, one that carries with it far reaching social implications. Labor's argument for unionization is the weakness of a single laborer in bargaining with the powerful management of modern capitalism. Ever since the advent of the philosophy of *laissez faire* which spread rapidly after the publication of Adam Smith's *The Wealth of Nations* (1776) employers for the most part have had less regard for the welfare of labor. The lower the entrepreneurs can force the wage, the greater their profit. They are not concerned usually, with improving the standard of living of the worker. Therefore if laborers the mass of our population, are to live comfortably and respectably, as they should in a democracy, they must organize for strength in bargaining with the captains of industry.

The immediate aims of the labor union are (1) to secure satisfactory wages and hours (2) to improve working conditions and (3) to guarantee the worker greater security in his job. The long run aims of unionism include (1) the betterment of free public education (2) the promotion of labor legislation if and when necessary and (3) active participation in all other social reform.

The leading labor organizations in America have never

favor the formation of a separate labor party. They prefer to support whichever political platform promises them the most beneficial legislation and to endorse candidates whose views are acceptable to labor regardless of their party affiliation. In July 1943 the CIO appointed a Political Action Committee headed by Sidney Hillman for the purpose of arousing in labor groups a keener interest in political affairs particularly in the selection of candidates to the national convention of 1943. The AF of L is promoting similar activity. Both CIO and AF of L feel the need of educating workers to register and to vote in the interests of labor. The PAC seeks further to unite farm and consumer organizations professional people and all other liberal groups in the formation of a workable post war program that will insure the common people a voice at the peace table.

**Types of Labor Unions** On the basis of structure and jurisdiction there are today two leading types

1 The craft union is the oldest form in this country. It is composed of all workers in a certain craft or trade as carpenters, barbers, boilermakers, letter carriers, truck drivers, pottery workers, theatrical workers.

Originally craft union and "trade union" were synonymous terms but today the expression 'trade union' is used in a general way to refer to any form of labor unionism.

2 The industrial union may be defined as a union of all wage earners in a given branch of industry, without regard to skill or craft as mine workers, textile workers, iron and steel workers, cannery and packing workers. In practice this definition is not adhered to strictly for in many industrial plants clerical and maintenance employees are not included in the industrial workers organization. In other cases the word industrial is broadly interpreted to cover workers in allied industries for example the United Cannery, Agricultural Packing, and Allied Workers of America draws members from several industries agricultural as well as manufacturing.

Another type the company union merits attention because of its mushroom growth for more than a decade in the late twenties and early thirties. With the rapid development of large scale industry following the first World War and with the impetus given by the National Industrial Recovery Act it became com

mon practice among the automobile steel meat packing and other large manufacturing industries for the workers employed by any one corporation to be organized into a single union membership being confined to employees of that corporation. Usually such unions have been inaugurated and fostered by company management. Where a corporation operates several plants and a union has been formed in each plant these groups may unite each thereby becoming a branch of a single union. But beyond such affiliation a company union has no connection with organized labor and the corporation officials, therefore are not compelled to bargain with labor leaders other than those of their own union.

For a time the company union appeared to be a threat to the cause of independent labor organization but when the CIO instituted its campaign for industrial unionism the company groups already organized afforded an entering wedge for the CIO organizers. Under the terms of the National Labor Relations Act as soon as a majority of the company employee votes could be secured the CIO could legally absorb the union into the ranks of nationally organized labor. Today most of the workers in the mass production industries are affiliated with CIO or with AF of L which later competed for these company union groups. It seems probable therefore that in the future company unions will constitute only a small and ever decreasing portion of organized labor.

### **Brief History of Labor Organization in the United States**

The development of the labor movement in our country may be divided into the following periods

- 1 Early developments 1792 to 1862
- 2 Period from 1862 to 1886 including the rise and decline of the Knights of Labor
- 3 Period from 1886 to 1935 development of the American Federation of Labor
- 4 Period from 1935 to the present rivalry between the American Federation of Labor and the Congress of Industrial Organizations

1 *Early Developments in Labor Organization 1792 to 1862* The organization of the cordwainers (shoemakers) of Philadelphia in 1792 marks the beginning of trade unionism in the United

States though the real origins can be traced to the guilds of the seventeenth and eighteenth centuries. The first unions were composed of the skilled workers from small shops. Their aims were similar to those of the unions of today: wage and hour adjustments, apprenticeship control, benefits for illness and death. They used collective bargaining and the strike as early as 1799.

Progress was slow during the first decades of the nineteenth century due to two factors: court decisions easily secured by employers, that union activities were criminal conspiracies and the depression following the War of 1812.

With the return of prosperity, unionism took on new life. In 1827 the Mechanics Union of Trade Associations of Philadelphia was formed, the first city union of all trades. From city unions a national organization evolved with the first convention of the National Trades Union in 1834. By engaging in political activity, labor achieved some of its aims: the outlawing of imprisonment for debt, the passage of the mechanics lien laws, promotion of the ten hour day, and extension of free schools.

The growth of unionism through the decades of the thirties, forties, and fifties was retarded by the numerous cyclical fluctuations during these years. The National Trades Union did not survive the panic of 1837. Furthermore, the interest of many workers was distracted away from the real issues of unionism by such movements as the producers cooperative, land reform, the gold rush, the slave question, and socialistic or communistic settlements. However, in the years preceding the Civil War, craft organization revived and flourished. Many of these unions survived the depression of 1857 and the adverse effects of the outbreak of the Civil War, so that when war prosperity came, labor was ready to advance.

*2 Labor Organization from 1862 to 1886* From 1863 to 1873, the country enjoyed war and postwar prosperity (except for a short recession). Rapid industrial development was accompanied by a comparably rapid growth of the labor movement. Again a national organization was created: the National Labor Union formed in Baltimore in 1866. However, dissension arose among its members over political issues, particularly the greenback money question, and in 1872 this union disappeared.

Notable during this period was the origin of the railroad workers unions the natural outcome of an era of great railroad expansion (The Union Pacific railroad was completed in 1869 ) These early unions of railroad employees were the beginnings of the Big Four Railway Brotherhoods one of the most powerful labor groups in the country today They cooperate with the American Federation of Labor but have never federated with it

This period also includes the most important years of the Knights of Labor which was organized in Philadelphia in 1869 as a fraternal order of local tailors Like many other unions of that time, it was a secret order but it soon abandoned this policy and opened its membership to all laborers Unlike the then predominant craft type of union the Knights of Labor accepted membership from any laborer regardless of trade or degree of skill Particularly did it encourage the organization of unskilled workers who for the first time were recognizing the benefits to be secured through labor unions It promoted labor legislation free public schools and agitated for the establishment of bureaus of labor statistics It believed in arbitration, not the strike but circumstances compelled it to engage in some of the labor struggles that prevailed following the long depression of the seventies After its success in the Jay Gould railroad strike membership in the Knights of Labor reached a height of 703,000 in 1886 The total of all organized workers in that year was 841 000

After 1886 however, the membership in the Knights of Labor declined rapidly, due to a combination of conditions failure of the Knights of Labor to support the movement for an eight hour day loss in a second strike on one of the Jay Gould railroads preference of many workers for a type of organization then being introduced by Samuel Gompers and the American Federation of Labor (organized in 1886) which offered greater immediate benefits to members The Knights of Labor ceased to function about the end of the century Its history is especially interesting today in view of the existing struggle between craft and industrial unionism

3 *Labor Organization from 1886 to 1935* The leading opposition to the Knights of Labor came from the Federation of Organized Trades and Labor Unions of the United States and Canada,

formed in 1881. This federation was composed of (1) craft unions which had refused to join the Knights of Labor, fearing the loss of their identity as separate crafts, and (2) workers who had seceded from the Knights of Labor on the issue of craft unionism *vs* general trade unionism. In 1886 the Federation of Organized Trades and Labor Unions united with other craft unions not previously federated under the title of the American Federation of Labor. Samuel Gompers of the Cigar Makers Union of New York was elected president and remained in that position, except for one year, until his death in 1924. William Green succeeded him and has retained the presidency ever since. Before the end of the century the American Federation of Labor had become the leading labor organization with a membership of nearly a million workers.

The American Federation of Labor is a union of unions, chiefly of the craft type but including also the industrial type. The four large, powerful unions of railroad workers have remained independent, although they work in harmony with the Federation under a kind of nonbinding affiliation. The motto of the Federation is *More Now* and it believes in fighting when necessary for higher wages and better working conditions. The Federation accepts capitalism and does not seek the destruction of the present economic order. It does not align itself with any political party nor does it believe in forming a separate labor party. It advocates a policy of supporting labor's political friends and opposing labor's enemies. Thus, the Federation strives to solve the problems of labor through economic rather than political action.

The chart on the next page illustrates the structure of the American Federation of Labor. The bulk of the membership is found in the 105 national and international unions, which are autonomous and in their 33,744 subordinate local unions. The local trade unions and federal labor unions, 1568 in number, are responsible directly to the offices of the Federation. They are found in small localities where no national union has yet been formed. In some areas local unions have combined into city central bodies for the purpose of increasing the power of labor in the community. Also, there is a federation in each state. Three of the four departments were created to settle jurisdictional disputes, but in this they have met with little success. The fourth depart-

ment was established to promote the use of the union label. The departments cooperate with the local unions through local department councils.

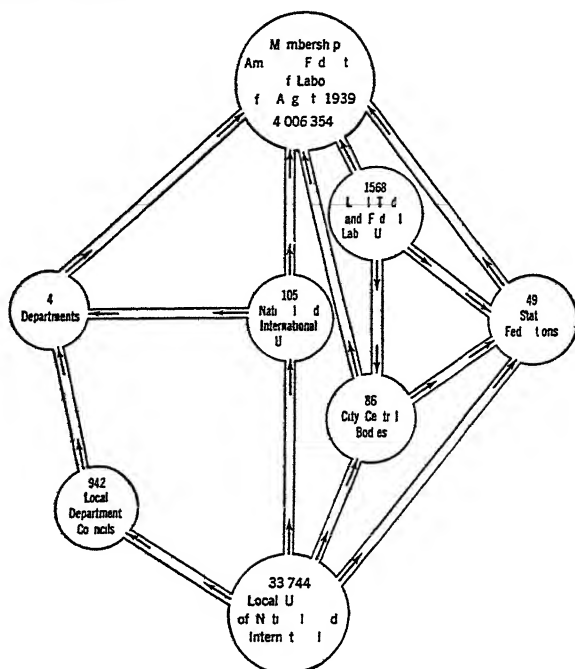


FIG. 29 THE STRUCTURE OF THE AMERICAN FEDERATION OF LABOR

The administration of the Federation is delegated to an executive council which consists of a president, fifteen vice presidents, and a secretary-treasurer. The powers of the council include organizing of unions, preparation of material for the press, lobbying for labor legislation, settlement of jurisdictional disputes, maintenance of a workers' education bureau, promotion of the use of the union label. The Federation has little power over its affiliated unions. Notably, it can neither call strikes nor prevent them. The looseness of its structure may account at least in part for its inability to prevent the advance of the Congress of Industrial Organizations and perhaps for its failure to curb racketeering.

*4 Labor Organization from 1935 to the Present* With the upward trend of business in 1933 membership in the Federation increased



rapidly but it was far below its previous high of more than four million in 1920. Federation leaders recognized that the pressing need was for unionization of workers in the mass production industries, such as automobiles, steel, textiles, chemicals. The Federation was also aware of the increasing strength of company unions and employee associations which had grown from 400,000 in 1920 to more than a million and a half before the end of that decade, and which had reached even larger totals under the regulations of the National Industrial Recovery Act. This Act had required that management confer with their laborers as a group. Farsighted union leaders could see that management would secure increasing control over labor if the Federation did not extend its organization to workers in the large industries.

At the annual Federation convention in 1935 the industrial unionists tried to force the Federation to authorize an immediate organization campaign and to vote for strictly industrial unionism in the mass production industries; that is, the craft unions already established in the mass production industries would lose their jurisdictional claims upon the craft workers in those industries. This effort was defeated in the 1935 convention, where upon ten industrial unions formed the Committee for Industrial Organization (still in the AF of L) and elected John L. Lewis as their leader. The AF of L ordered the committee to dissolve, and the committee in turn offered plans for reconciliation, all of which were rejected by the AF of L. At the 1936 convention the executive council of the AF of L suspended the ten CIO unions. These included the United Mine Workers (through which John L. Lewis had risen to power), Amalgamated Clothing Workers, International Ladies Garment Workers, United Textile Workers, Mine, Mill and Smelter Workers, Federation of Flat Glass Workers, United Automobile Workers, United Rubber Workers, Amalgamated Association of Iron, Steel and Tin Workers, Oil Field, Gas Well and Refinery Workers. The total membership of the suspended unions was approximately 1,115,000.

The CIO proceeded with a campaign of organizing industrial unions in the large industries and their success is an outstanding achievement in labor history. Efforts toward reconciliation with the AF of L were of no avail even when augmented by the

pleas of President Roosevelt for peace in labor ranks In 1938 the CIO organized permanently and independently under the name of the Congress of Industrial Organizations and elected John L. Lewis as president The structure of the CIO is similar to that of the AF of L

In 1938 the CIO organization consisted of 42 national and international unions 675 local unions 23 state councils and 164 district or city councils It claimed a membership of 3 767,877

The struggle between the rival labor groups will be clarified if we review here the comments by Simon and Clark <sup>1</sup> who say that many of the established national craft unions had no place for the unskilled workers that the American Federation of Labor had never been an active organizing agency Though it might be willing and even eager to accept new unions formed in mass production industries it has not been prepared to act aggressively to build them up The craft union control of the Federation had made it difficult for the Federation to act aggressively the craft unions are unwilling to give up their claims to the skilled workers in those industries and they are not impressed by the importance of the unskilled or semi skilled workers to the labor movement great masses of new members coming into the Federation would threaten the traditional craft control of the national organization, new and vigorous mass production workers unions might threaten the jurisdiction of many of the craft unions

Both the AF of L and the CIO advocate the need of solidarity in labor organization and both voice the belief that eventually a plan will be worked out whereby the two factions may reunite

**Foreign Labor Groups and Minor, Radical Groups** The accomplishments of unionism in Great Britain have always been an inspiration to American labor leaders The percentage of organized laborers in England is relatively larger than in this country For many years English wage earners have maintained a political party which often wields decisive power

The achievements of workers in Germany were noteworthy following the establishment of the republic in 1918 The constitution of the new government provided that all working condi

<sup>1</sup> M. R. Clark and S. F. Simon *The Labor Movement in America* W. W. Norton Company New York 1938 p. 187

tions must be decided by collective bargaining between the employer and the labor union. Union officials were the political representatives of the working class and the government had no power to disband the unions. This plan had brought labor into a position approximating parity with the employer. However, under the present totalitarian regime all activity of unions as such, has been completely suppressed.

Labor organization in France has for many decades been characterized by strife between the socialist and the communist groups. French workers have used the strike extensively as their most effective weapon in maintaining the power of labor. Because of both these facts, French unionism has not seriously influenced American labor organization, whose policies have always been conservative. After the outbreak of hostilities with Germany in 1939, however, strife among laborers gave way to the common cause of defense against an old enemy. Now under totalitarian dominance, independent unionism may be completely crippled.

In Soviet Russia membership in labor unions averages about 83 per cent of the employable population. This large percentage is natural since its industries are owned and controlled by the government and also because social insurance and similar benefits are administered through the unions. A membership card in a Soviet labor union is comparable to a registration card for Social Security in our country.

Through the influence of Marx, Engels, and other socialists of wide reputation, international labor organizations have been formed by European workers at three different times. The First International, formed in 1864, lasted less than ten years because of internal strife. The Second International formed in 1879 did not survive the effects of the first World War and the Russian Revolution. The Third International formed in 1920 is now ceasing to function effectively because of the labor disorganization induced by fascism. American laborers have given very little support to the Internationals chiefly for the reason that the economic philosophy of American unions is capitalistic.

The Treaty of Versailles created the International Labor Organization as a part of the League of Nations. Although not a member of the League the United States has participated

unofficially in the ILO from its beginning and in 1934 we became an affiliated member. The ILO held conferences at Geneva for the purpose of effecting agreements upon important labor questions following which conferences it recommended standards for example hours and wages minimum age for children workers industrial insurance. It also maintained statistical and research departments and published reports. Its activities have been seriously handicapped by the European war and for the time being it has moved its headquarters to Canada. Much of our state and federal labor legislation has been influenced by the recommendations of the ILO.

Since the beginning of World War II, the ties among laborers in the United States, Canada and Great Britain have been strengthened and as a result the prestige of the ILO has increased markedly. Organized labor through this medium, may gain a place at the peace table and its proper share in post war planning.

While labor organization in the United States has been free from radicalism as compared with European unionism a few noncapitalistic groups have sprung up. The Industrial Workers of the World (IWW) originated in 1905 includes socialists, syndicalists and anarchists. These workers advocate revolution against the existing order to be carried out through one great industrial group. One Big Union. Membership in the IWW probably never exceeded 70 000, and after some of their members were prosecuted in 1918, under the Espionage Act, for antiwar activities the organization has gradually declined to a place of little importance.

Another revolutionary group known since 1929 as the 'Trade Union Unity League' originated in 1920 as the Trade Union Educational League. The TUUL was promoted by the Red International of Moscow, under the leadership of William Z. Foster, communist candidate for presidency in the United States in 1924 and in 1936. The highest membership in the TUUL probably 100,000, was attained in 1931. Since then it has declined in power as the AF of L has regained its strength of predepression years and the CIO has come upon the labor scene.

**Strength of Unionism in the United States** The following tabulation shows the rapid growth of labor organization in the past nine years

TABLE XXXIV<sup>1</sup>  
MEMBERSHIP IN LABOR UNIONS  
(Figures in Thousands)

<i>Year</i>	<i>All Unions</i>	<i>AF of L</i>	<i>CIO</i>	<i>Nonaffiliated</i>
1935 (Nov)	3 928	2 300	1 050	578
1936	4 575	2 500	1 500	578
1937	7 297	3 269	3 454	574
1938	8 123	3 623	4 000	500 (est)
1939	8 506	4 006	4 000	500 (est)
1940	8 642	4 375	3 642	625 (est)
1943	12 649	6 564	5 285	800 (est)

The strength or weakness of unionism in the United States can be appreciated only by a comparison of the membership in all unions with the total of all gainful workers in our country. From the tabulation of workers given in Chapter 16, one notes that the total of all gainful workers in 1930 was approximately 48 830 000. The number in 1943 would of course be greater, probably not less than 60 000 000. Some of these groups of workers, especially domestic help and farm laborers, are not easy to organize. Others such as proprietors, officials, and many professional groups may never organize as laborers. Therefore, from the 60 million gainfully employed perhaps 15 to 20 million should be deducted for these two groups, leaving 40 to 45 million workers in the United States that are now or could be assimilated by unions. Against the 40 to 50 million we place the 12½ million that actually are organized. By this comparison we note that less than one third the workers that might well be claimed by the unions have so far been brought into the fold. How great a task of organization still confronts the labor unions of America.

**Organization and Administration of the Union** The framework here described is that of the smallest unit of labor organization, the local union, yet it is equally typical of the centralized groups, whether city, district, or state unions or federations. The

<sup>1</sup> Sources for 1935-1937: Carroll R. Daugherty, *Labor Problems in American Industry*, p. 405; for AF of L, 1938-1939: Report of the Executive Council, 1939; for CIO, 1938: Report of Chairman John L. Lewis to the First Constitutional Convention of the CIO; for CIO, 1939: annual reports for 1940 and 1943; *Monthly Labor Review*, December, 1943.

local union elects its own officers president vice president secretary, and treasurer It fixes its own initiation fees and dues Fines are imposed for nonpayment of dues and for violation of any other union rules Meetings are held at regular intervals either in a rented hall or in a building owned by the union

The chief function of the local union consists in bargaining with the employer or employers in that locality for a satisfactory labor contract This contract, known as the trade agreement is usually in written form and copies are posted in conspicuous places about the factories or distributed among the workers By a recent decision of the Supreme Court of the United States an employer is compelled to sign a written agreement if the union so desires The trade agreement specifies wages, hours, conditions of work for a definite period of time and concerning a given area or industry The agreement may also include such matters as seniority of workers, security of workers against unfair dismissal, methods of enforcing the agreement arbitration regulations Ofttimes a new agreement has not yet been reached before the expiration of the old in which case production may be seriously slowed down by a threat of strike or stopped by the actual strike

Usually the operating expenses of a union consume only a small part of its receipts The major portion is used for benefits of various kinds sickness accident, death, unemployment strike Most unions do not make proper allocation of these reserves with the result that the payment of strike benefits often make serious inroads upon the funds that should be kept intact for sickness death and other benefits

In some locals the regular officers can take care of all business transactions More often however, a special representative known as the walking delegate or business agent is hired to attend to matters of greater importance In many instances one representative is hired by several unions of the same trade in one locality Thus the office of business agent usually offers full time employment and an attractive salary Besides bargaining with employers and settling disputes between workers and employers the agent furnishes each employer with a list of union workers eligible for jobs collects dues and fines, and often has considerable control over union reserves and benefit payments

In many respects the business agent is the most powerful of union leaders. Often he allies himself and his union with political groups and leaders especially if any financial advantage may be gained thereby as is often the case in such trades as building hauling and trucking.

Some of these business agents are unscrupulous and will boldly resort to graft, coercion, extortion or any other corrupt practice if thereby they may enrich themselves. Thus, unfortunately, labor unionism, a supposedly humanitarian movement suffers the stigma of racketeering. Recently the public seems to be more than usually roused over this menace. Can it not be diminished or eliminated? In attempting to answer these queries several important features are disclosed. One is that graft and racketeering permeate our economic and political systems. Their appearance in the ranks of labor is therefore to be expected. Another point for consideration is the fact that through racketeering methods wages are often maintained at a higher level than would otherwise be the case which accounts for the acquiescence of union workers. Again the national federation (AFL) disclaims any power over such matters — jurisdiction resides in the local union. Must the public, then, turn to legislation for control of this menace? Rather is it not more reasonable to expect labor organization to clean house? If or when the rival labor groups amalgamate into a single powerful unit a speedy solution could be found for this and other serious charges against organized labor.

The emergence of trade unions and of collective bargaining between workers and employers has called forth regulations and standardized rules and procedures which are reflected in a special terminology. The following definitions will clarify many aspects of trade unionism and labor relations.

‘Recognition of the union’ is attained when an employer agrees to bargain collectively with his employees organized as a union. The union elects its representative to act as its official spokesman and the employer or his representative now bargains with the union representative, whereas previously he had dealt with employees individually or in small, unorganized groups.

Recognition of the union also includes the agreement on the

part of the employer to accept as union representative any representative of their own choosing. Often this representative is an official of the national union of which the local union is a member, a person of experience in bargaining with powerful industrial leaders.

A shop is 'union' or 'non union' depending on whether the employer has recognized the union. Since the NLRA of 1935 non union shops are rare.

Union shops may be classified under four types: (1) The open union shop is one in which the union has been recognized as the bargaining agent, but in which non union men as well as union men may be employed. (2) The preferential union shop allows non union workers to be hired only if the union is unable to furnish union workers. Non union men would of course be the first to be laid off if demand decreased. (3) In a closed union shop with open union employers may hire non union men only with the agreement that the new men must join the union upon entering the shop. (4) In a closed union shop with a closed union the employer may hire only men who are already union members and who usually are selected by the union's business agent. Unions operating under this type of agreement can easily, by limiting the number of apprentices, become very powerful labor monopolies.

When hiring a worker if an employer stipulates that the worker is not to join a union the bargain is called a 'yellow dog' contract. Under the NLRA such a contract is illegal.

Sabotage consists of limiting production either by deliberately slowing up work or by destruction of machines or materials.

A labor boycott is an organized refusal by workers and their sympathizers or both to buy the goods produced by an employer hostile to labor.

The boycott is primary if only the union members and their families participate. If the boycott is extended to related business concerns as wholesalers, manufacturers, transportation companies it is referred to as secondary.

Union members often refuse to buy goods that do not bear the union label which certifies that only union labor is used in the production of the article. This is a form of boycott as



are also the fair list or unfair list of manufacturers often distributed by unions

Workers are said to "strike" when they refuse in unison to continue to work under certain conditions

If, instead of withdrawing from the plant the workers maintain continuous occupancy of the plant their strike is referred to as a 'sit down' or 'stay in strike'. The Supreme Court of the United States declared this type of strike to be illegal when it gave its ruling in the *Fansteel* case in 1939 (See p. 503)

Picketing consists of guarding or watching the place of employment to prevent or to deter non union workers from entering. Most states permit only peaceful picketing holding that violence or intimidation is illegal. Some laws allow only one picket or "missionary" at each entrance.

A 'lockout' exists when the management denies employment to union workers by closing the plant or by keeping it open only to non union labor, pending settlement of a dispute. A company seldom resorts to the lockout because of fear of public opinion.

An injunction is a court order, often used by employers which restrains workers from doing specified things usually acts involved in a labor dispute. The issuance of labor injunctions is now heavily restricted by federal and state legislation.

The checkoff of union dues refers to the practice whereby the union collects dues from its members by an agreement with the employer empowering the employer to deduct dues from the employees' pay. This method is advantageous to the union in that it ensures regular collection of dues.

**The Problem of Jurisdiction** Because the question of jurisdiction has figured prominently in the recent split in the ranks of organized labor, many persons think that jurisdictional problems involve only those disputes that arise between the industrial and the craft types of unions. The fact is however that in decades past many bitter quarrels have been fought by one craft against another each claiming the right to perform or control a certain job. For example, shall painters or electrical workers paint electric poles and the attached electrical fixtures? Shall the railway clerks or the teamsters and chauffeurs control the driving of vehicles carrying railway express? Shall the carpenters or the iron workers install radiator covers? Shall the teamsters and

chauffeurs or the brewery workers control the hauling of brewery products?<sup>1</sup>

The American Federation of Labor has never developed an effective method of control over these disputes. If a case is brought to the Federation for arbitration, the Federation acting as a tribunal will make a recommendation for settlement. If the disputant unions accept the recommendation, all is well. Often, however, one or both refuse to abide by the wishes of the Federation, and the struggle may continue over a period of years. The Federation has no power to enforce. It can only, as a matter of punishment, suspend or expel the recalcitrant union.

The CIO claims that these job or trade jurisdictional disputes may be eliminated by the amalgamation of all related trade unions into a single group. In the past two years the CIO has made advances to the building trades unions, urging them to permit the Congress to reorganize all workers in the building crafts into one union.<sup>2</sup> So far these advances have been repelled by the AF of L. Such reorganization, whether effected by the Congress or the Federation, would save much time and money for employers and laborers and prevent much inconvenience to the public.

In the automobile industry, trade disputes have been forestalled to a large extent by the adoption of the industrial type of union by most of the large automobile companies. Seventy-three occupations were listed in this industry by the NRA. Mr. Colston Warne finds in his analysis of the NRA figures that fourteen craft unions would claim jurisdiction over the seventy-three occupations, with overlapping to the extent that from two to eleven unions would claim a certain occupation. For example, polishers and buffers would be claimed by four unions; the carpenters and joiners, the metal polishers, the painters, and the sheet metal workers. Analyses of this nature strengthen the contention that the industrial type of union (sometimes

<sup>1</sup> For an interesting and authentic account of two jurisdictional disputes see the Report of the Executive Council of the AF of L, 1939, pp. 21-26. In the second case there arises the question of the right of a member union to secure an injunction against the Federation to prevent the Federation from interfering with the jurisdictional rights claimed by the member union.

As many as nineteen building trades unions were listed in the Report of the Executive Council of the AF of L, 1935, p. 103.

spoken of as the vertical union ) would prevent or appreciably decrease trade jurisdictional disputes

### TERMS TO BE UNDERSTOOD

collective bargaining	boycott
industrial union	closed union
trade agreement	closed shop
strike	yellow dog contract
picketing	preferential shop agreement
company union	jurisdictional dispute
	union label

### QUESTIONS FOR DISCUSSION

- 1 Do you believe that the welfare of the laborer could be improved by an independent labor party? Give reasons
- 2 Explain the relation between the activities of the CIO and the corporate form of business
- 3 Name two or more companies where the workers are organized as company unions In what respect is a company union not a genuine labor organization?
- 4 (a) What is the approximate total of employed (or employable) workers in the United States today including agricultural workers?  
(b) What is the total membership approximately of all labor unions?  
(c) What is the percentage of (b) to (a)? How do you account for the large proportion of unorganized workers?
- 5 Why is an individual worker only rarely able to bargain on equal terms with his employer?
- 6 What gains has labor made through organization?
- 7 Discuss For every business agent who accepts graft there must be an employer who gives graft
- 8 Discuss It has often been said that the so called open shop is a shop that is closed to union men
- 9 What are the principal obstacles to the acceptance of collective bargaining?

### FOR FURTHER STUDY

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## LABOR LEGISLATION

**Origins of Labor Legislation** Comparatively few labor laws appear upon our statute books until industrial development takes the ascendancy over agricultural leadership approximately in the eighties. Most of our labor legislation has come from the states. Because of the multiplicity of state labor laws and their lack of uniformity, it will be impossible to analyze them adequately in a single chapter. Accordingly this discussion will be based primarily on federal legislation, which is, in a large degree, a crystallization of state enactments.

The first World War, the long years of the depression, and perplexing conditions in foreign countries have strengthened the feeling of national unity in America, with the result that the public has shown its approval in recent years of the increasing amount of federal legislation pertaining to labor. Slowly the Federal government is being granted wider jurisdiction in matters pertaining to humanitarian needs, jurisdiction that formerly was held to belong in the main to the states. In the field of labor legislation this transfer of power is accomplished by several methods: (1) liberal interpretation of the Constitution under the New Deal, as illustrated by the favorable decision on the National Labor Relations Act; (2) exercise of the federal powers over interstate commerce, as seen in the Fair Labor Standards Act; (3) amendment to the Constitution when necessary, for example, the present attempt to secure ratification of the Child Labor Amendment.

Much labor legislation is of a protective nature, having as its aim the betterment of society. Such measures seek to diminish the toll that industry takes through accidents, disease, insanitary working conditions, and use of underage workers. This type of legislation, chiefly factory legislation, is promoted by those socially minded individuals or groups, including many legis-

lators, who are interested in the welfare of all laborers whether organized or not. The National Child Labor Committee, the Life Extension Institute, the American Association for Labor Legislation, the National Safety Council, the American Association for Social Security, and other similar organizations conduct investigations and often draft labor bills. A case in point is the Wisconsin workingmen's compensation law, which is almost identical with the model prepared by the American Association for Labor Legislation. Some of the legislation originated by these welfare groups has been opposed by organized labor. In 1932 the American Federation of Labor opposed the federal unemployment insurance plans. Again, in 1938, they disapproved of the Fair Labor Standards Act. Their argument is that if the government assumes control of such matters, labor unionism will be weakened. Particularly, government regulation of wages and hours would, they feel, seriously diminish the power of unions when bargaining with employers. The CIO, on the other hand, has welcomed legislation of this nature as an aid to the labor movement.

Credit for much labor legislation should be given to the labor unions, particularly the great body of state enactments that deal with the rights of organized labor: making and enforcing contracts, collective bargaining, arbitration, use of the injunction, the boycott, the union label, and similar union issues. Because of the fact that our leading labor unions have not favored the formation of a political party to influence legislation, the efforts of the unions in securing labor laws often are not recognized. Their work is done quietly, without desire for publicity, but the results stand as testimony to the diligence and patience of labor leaders, supported by faithful unions.

**The Right of Laborers to Organize** During the early decades of our national life, the courts commonly ruled that labor unions were illegal, basing their decisions on the common law doctrine of criminal conspiracy. After 1825 American courts began to react to the influence of labor legislation in England, especially the Act of 1825, which repealed earlier English laws forbidding unionism in England. No specific legislation on this point has ever been passed in this country, but a decision rendered by one of our courts in 1842 declared labor unions legal.

unless it can be proved that the aims of the organization are illegal or the methods employed illegal. The position of labor unions was further strengthened by another court decision in 1902 which states that what one man may legally do, a combination may also do. It is because so many of the legal issues dealing with trade unionism are settled by court decisions instead of by specific labor laws that the unions have come to say that labor laws are made by the courts. And because labor has been ruled against repeatedly in court procedure there has developed among labor groups a deep resentment against the courts.

Only in the last few years has the trend been reversed. Legislation and court decisions indicate that the government and the public are now taking a more liberal, a more sympathetic attitude toward the needs of wage earners. The National Industrial Recovery Act (1933) although declared unconstitutional paved the way for the National Labor Relations Act (1935), which gave positive legislative recognition of the right of laborers to organize. And in 1937 when the United States Supreme Court approved the NLRA it gave positive judicial recognition to the rights of laborers to organize.

**The Right of Labor Unions to Contract** The first legal recognition in this country of the rights of labor unions to use collective bargaining was given by the Supreme Court of Massachusetts in 1842. In spite of this decision, however, the courts generally continued to rule against the unions for many decades on the basis of criminal conspiracy. Later, employers introduced the use of the injunction, and after 1890, labor unions were sometimes held illegal as trusts under the Sherman Antitrust Act. By hammering away at the opposition through many decades, labor unions have secured three legislative enactments to sustain their right to contract. These are (1) the Clayton Act of 1914, which defends them against antitrust prosecution; (2) the Norris La Guardia Anti Injunction Act of 1932, which restricts the use of the injunction by the employer in his effort to enforce antiunion contracts; and (3) the National Labor Relations Act of 1935 which specifically guarantees to labor unions the right to bargain collectively.

The contract between the employer and the union is known as the 'trade agreement' which came into use with the growth

of the American Federation of Labor following its origin in 1886. Until the emergence of the CIO in 1935 the trade agreement was used mainly in those industries where craft unionism prevailed. In the mass production industries such as automobile, iron and steel, petroleum, the trade agreement existed only between the employer and a minority of the craft workers which are relatively small groups and often antagonistic to each other because of jurisdictional disputes. Until the CIO and the AF of L became active in the organization of the unskilled workers in 1935 these wage earners of the lower strata did not benefit appreciably from the use of the trade agreement. It is well that both factions of labor organization are now promoting unionism among the millions of unskilled laborers for only through their own unions (rather than company unions) can all laborers secure the advantages of the trade agreement.

The antiunion contract, better known as the "yellow dog" contract, specifies that the employee shall not belong to a union during his term of employment. One who signs such a contract is said to have a "yellow streak" and to be a cowardly dog, hence the term so commonly used. Any use of the antiunion contract today is in defiance of the Anti Injunction Act of 1932 and the NLRA of 1935.

The right to contract includes the right to compel payment for services rendered. There is no federal legislation covering this matter and many of the states have very loose legislation concerning it and equally loose enforcement of their laws. Payment should always be in the accepted medium of exchange (legal tender) but in many industrial communities serious violations are perpetrated by avaricious employers. Company stores are usually maintained in mining and lumbering industries and often also, company houses. The practice that prevails is that of deducting rent and accounts charged at the company store from the employee's wage. Often rents and other prices are excessive but the employee has no alternative but to give up his job. In case of strike or threatened strike the worker could be evicted from his house. There is great need for legislation and strict law enforcement to cover these infringements of contractual rights.



## THE RIGHT OF LABOR UNIONS TO ENFORCE CONTRACTS

**The Strike** No court has denied the legality of the strike in private industry since the court decision in 1842 previously referred to. However the purpose of the strike must be that of improving the economic status of the worker such as increase in wages adjustment of hours or bettering of working conditions. If it can be shown that the purpose is that of doing malicious injury to the employer the courts have commonly acted to stop the strike. In utilities and government occupations which are affected with public interest the right to strike is usually denied on the basis of public welfare. Famous in this connection is the message sent by Governor Coolidge (later the President) to Samuel Gompers when the Boston police were threatening to strike "There is no right to strike against the public safety by anybody at any time, anywhere. The general or sympathetic strike is not common in this country because the immediate and unfavorable reaction of the public usually defeats the purpose of the strike. In cases where this type of strike has been used it has been instigated by local unions contrary to the wishes of their national federation officers. The national federation can advise in such cases, but it has no powers of coercion.

The sit down strike prevalent in 1937 was thought by many to be a new technique but it had previously been used by the IWW in the United States and also by strikers in France. The legal status of the sit-down strike was in question until in 1939, in the *Fansteel* case when the Supreme Court ruled in favor of the employer. It was held that an employee who engages in the sit down strike forfeits his rights as an employee and that the employer can legally refuse to retain him upon the pay roll.

**Picketing** In 1921 the Supreme Court of the United States declared that an Arizona law legalizing mass picketing was unconstitutional. Accordingly the state courts have likewise outlawed mass picketing. In this decision and others the Supreme Court sought to abolish the word picketing from labor law and to substitute the term 'peaceful persuasion' since there is alleged to be a contradiction of terms in the expression 'peaceful picketing'. There is no final or comprehensive definition of

peaceful persuasion but the courts have allowed certain methods which are now in common use. A few strikers may walk back and forth outside the picketed establishment and by giving out hand bills or bearing placards seek to inform the public of the nature of their grievances. At the workers' entrance to the plant only one picket may be stationed and his persuasive remarks must not be threatening nor may violence of any kind be resorted to.

**The Boycott** Only the primary boycott is generally considered legal — the refusal of employees to buy the products of their employer. The secondary boycott that is the attempt on the part of employees and labor unions to persuade the public not to buy the employer's goods, was held illegal by the Supreme Court in 1911 on the basis of conspiracy in restraint of trade. This case involved interstate commerce. However the courts of several states have declared boycotts of all kinds legal if conducted peaceably.

**The Union Label** In place of the direct boycott many labor unions use the indirect boycott, the union label, the legality of which has never been seriously questioned. Many states have passed laws protecting the use of the union label.

**The Injunction against the Employer** The union, as well as the employer, has recourse to the injunction, but in the past the unions rarely used this weapon as the courts so seldom ruled in their favor. However, since the first World War the courts, especially in New York and in Wisconsin, have been more liberal in granting injunctions to the unions, and since 1929 union injunctions have amounted to one fourth as many as employer injunctions. One of these injunctions, upheld by the Supreme Court, compelled the employer to bargain with the trade union rather than with the company union. This change in the attitude of the courts is most heartening to the unions.

#### THE RIGHT OF THE EMPLOYER TO COMBAT LABOR ACTIVITIES

**The Injunction** Toward the end of the nineteenth century employers brought into use the labor injunction, and after the enactment of the Sherman Antitrust Act, 1890, the use of the injunction by the employer became more common. This act provides that any combination which interferes with interstate

commerce is a conspiracy in restraint of trade. The labor unions interpreted this statement to refer to industrial trusts, but to their dismay the Act was used against the unions themselves. This unfair procedure continued for twenty four years until the Clayton Act was passed in 1914. This Act declares that the labor of human beings is not a commodity and therefore an organization of workers is not to be considered as prohibited by the Sherman Antitrust Act as a conspiracy. It restricted the use of the injunction by the employer to cases of injury for which the employer had no remedy at law. Furthermore no injunction could prohibit workers from peaceably persuading others not to work or keep them from meeting together or from distributing strike benefits.

Despite Mr. Gompers' statement that the Clayton Act was a Magna Carta for labor, workers soon found that they had gained no real victory. Employers used the injunction more and more. The employers also organized strongly as industry grew in size and became more concentrated. The judges continued to exercise almost limitless power over union activities. After another long, bitter struggle for legislative relief, the Norris-La Guardia Anti Injunction Act was passed in 1932. This Act governs federal courts only. It does not prohibit the granting of an injunction but it does limit the issuing of the injunction to cases of fraud or violence. On labor's part, the most important clause in the Act is the one stipulating that no restraining order may be issued by a federal judge until both parties have had a chance to be heard. Since 1932 nineteen similar acts have been passed by states, but these as well as the federal Act have been almost completely ignored by the judges, both federal and state. Now, however, that the Supreme Court has held the Norris-La Guardia Act constitutional (1938), organized labor will be encouraged to continue its fight against the courts — to secure anti injunction legislation in all the other states.

**The Yellow-Dog (Anti-union) Contract** Employers often require that a new employee sign a contract stating that he is not at the time a member of a labor union and that during his term of employment he will not join a union. Labor groups have fought the use of this so called yellow dog contract and have succeeded in securing the passage of laws in several states.

forbidding its use. Such state laws have been of little effect however due to decisions of the Supreme Court of the United States (one as early as 1917) holding that employers may use the injunction to prevent attempts by labor unions to organize these workers. The Norris La Guardia Act in 1932 forbade federal courts to grant injunctions in defense of such contracts and the National Labor Relations Act of 1935 should outlaw them as it prohibits the coercion of employees in their self organization activities.

**Use of Strikebreakers** At common law the employment of strikebreakers is legal and attempts of several states to legislate against the practice have proved futile. The Byrnes Antistrike breaking Act of 1936 was ruled against by a federal judge and jury in Connecticut in 1937 but no Supreme Court ruling has yet been handed down. The National Labor Relations Board has included the use of strikebreakers in its list of unfair practices but apparently labor will have to work for a better federal law if it would completely outlaw this formidable weapon of the employer.

Other methods such as the blacklist espionage and so on, have been legislated against in some commonwealths but without effect.

**Legislation Designed to Effect Peaceable Settlements** The Act of 1888 was an attempt to settle railroad labor disputes peaceably by referring them to a board composed of the Commissioner of Labor and two others but it was never put into operation. The Erdman Act of 1898 was slow in getting into operation but it did accomplish considerable good. The chief objection to this Act was that the Board set up to handle disputes was not permitted to offer its services — it must wait to be called upon. The next attempt, the Newlands Act of 1913 broke down completely in the face of a nationwide strike which the unions ordered to enforce their demand for an eight hour day. This threat was met by special act of Congress granting the railroad workers the shorter day. With the outbreak of the war the railroads were taken over by the government. In 1920 to provide for settlement of labor disputes when the railroads should be returned to private operation the Esch Cummins Transportation Act of 1920 was passed. Both employers and

employees became disgusted with the operation of this Act Investigation was compulsory by the Board which the Act established — the Railroad Labor Board But arbitration was not compulsory and the decisions of the Board were not legally binding on either party Demands for improvement brought forth the Watson Parker Act of 1926 This Act abolished the Railroad Labor Board and provided in its stead that by mutual consent of both parties a local adjustment board should be created to settle the difficulty If this board failed the dispute might be carried to a Board of Mediation appointed by the President Dissatisfaction with these provisions led to the amendatory Act of 1934 Once more a permanent administrative agency was created the National Railroad Adjustment Board which consists of thirty six members half chosen by the unions and half by the railroads Cases may be referred from this Board to the National Mediation Board provided for in the original Act One clause provides that employers are restrained from anti union activity and that collective bargaining agreements are to be encouraged If necessary to resort to the courts the federal courts are available for such cases The amendatory Act of 1934 has placed railroad employees in a much stronger position The amending Act of 1936 extended the provisions of the Act of 1934 to air transportation

The Division of Conciliation of the United States Department of Labor is a bureau maintained for the purpose of giving aid in effecting peaceable settlement of disputes in industries other than railroads It was established in 1913 Its representatives some times offer their services and they always respond to calls from either employer or labor groups Out of sixteen thousand cases handled from 1914 to 1937, they were able to adjust three fourths peaceably

The National Industrial Recovery Act was enacted in 1933 Section 7(a) of this Act guaranteed employees the right to organize and to bargain collectively through representatives of their own choosing it guaranteed freedom from interference from employers in the designation of such representatives also it forbade employers using the anti union (yellow dog) contract On the whole labor did not benefit greatly from this legislation partly because many of the most powerful industries ignored the

Act as unconstitutional Although the NIRA was declared unconstitutional some of its provisions were incorporated in the 1935 labor relations legislation

The National Labor Relations Act passed in 1935 is commonly referred to as the Wagner Act in recognition of the efforts of Senator Robert Wagner chief sponsor of the Act This Act restates section 7(a) of the NIRA and establishes the National Labor Relations Board to conduct the elections among employees in order to determine which representatives should have the right to bargain collectively with employers on the terms of employment also to prevent the unfair labor practices enumerated in the Act These unfair practices are (1) interference with self organization (2) domination of an employee organization (3) discrimination against employees for union membership (4) discrimination against employees for complaint to the Board and (5) refusal on the part of an employer to bargain collectively The Board has established regional offices throughout the country in charge of local representatives Complaints are made to this local representative who conducts an investigation and reports his findings to the Board Hearings are then held before an examiner appointed by the Board After considering the report of the examiner the Board issues whatever orders it deems wise If an employer fails to comply with orders the Board is authorized to secure a court order compelling compliance The NLRA was held to be constitutional

**State Legislation Prior to the New Deal** Some twenty five states have at one time or another passed laws aimed at arbitration of labor disputes, chiefly relating to the utilities railroads in particular In Colorado and some other states, mines were included Only six of these states can lay claim to success in this field — Massachusetts, New York Pennsylvania Wisconsin, Kansas and Colorado The difficulty seems to lie in faulty administration rather than in the laws themselves In Colorado a noteworthy record has been made, in that from 1916 to 1937 out of two thousand disputes that were handled by the arbitration commission, only about three hundred developed into outright strikes

The National Labor Relations Act was followed by a number of state labor relations acts often referred to as "Little Wagner

Acts By 1937 five states — Massachusetts New York Pennsylvania, Utah and Wisconsin — had passed such laws Already that of Wisconsin has been declared constitutional

### LEGISLATION COVERING THE WORKERS RISKS IN INDUSTRY

**Accidents** Although statistics on the number of industrial accidents are inadequate, the data available show the gravity of the problem Estimates place the annual number of fatal accidents in industry at from 25 000 to 35 000 With all industrial accidents included, the total rises to more than two and a half million each year One writer <sup>1</sup> draws a vivid comparison by saying that the casualties in American industry during the first World War exceeded the number killed and injured in the American Expeditionary Force We have made notable progress in the reduction of accidents in certain industries during the past decade, but we still lag far behind Great Britain and other European countries in this matter The financial loss, likewise, is staggering The Travelers Insurance Company <sup>2</sup> has estimated that for the entire country in 1930 losses to workers and their families to the state, and to industry totaled almost five billion dollars

Accidents and fatalities are the most serious in mining, fishing, the chemical industries, building and construction railroading, iron and steel For example figures compiled by the Bureau of Labor show that almost five per 1000 miners are killed each year In the United States machinery is operated at greater speed than in any other country too, we introduce new types of machines more rapidly than does any other country Yet we have been the slowest of the large industrial nations to give adequate protection to workers

Workmen's compensation laws were passed in European countries as early as 1884 and 1887 In our country in those years the injured worker had to be content with whatever private settlement he could make directly with the employer or he might,

<sup>1</sup> E H Downey *Workmen's Compensation* The Macmillan Company New York 1924 p 1

*Bulletin* 536 United States Bureau of Labor Statistics Washington D C 1931 pp 171-179

of course seek remedy through the courts if he could afford to start a suit. The earlier court decisions were based on the old common law with its three doctrines covering employer worker relationship (1) *Assumption of risk* which holds that the worker accepts risk when he accepts employment (2) the *fellow servant rule* which makes the worker responsible for knowing whether he might be harmed through the carelessness of another worker (3) the *contributory negligence* principle which compelled the worker to show proof that his own negligence had not been a contributing factor in the accident. Thus it will be seen that under these common law doctrines, which were usually interpreted by the courts in such way as to favor the employer, the burden of these production costs were thrown largely if not entirely upon the worker, the one least able to bear this loss.

Gradually sympathy for injured workers was aroused sufficiently to bring about legislation supposedly in their favor — the employers liability laws that were passed in most states at the close of the nineteenth century. Again however court decision favored the employer generally and the status of the worker was not greatly improved. Finally our lawmakers adopted the type of legislation used in European countries — the workmen's compensation laws. The first enactments by states were declared unconstitutional. But in 1908 Congress passed a law covering federal employees, and this was upheld by the Supreme Court. With this impetus the movement in favor of compensation legislation spread throughout the country with surprising rapidity so that by 1920 most states had enacted such measures and today only one state, Mississippi, is without a workmen's compensation law. This legislation is based on the assumption that no one intentionally causes accidents, that all serious injuries are compensable and that the responsibility shall be charged to the employer. It is expected, of course and rightfully so, that the employer will pass on this cost to the consumer. But in practice the cost is sometimes charged to the employee through wage adjustments. Under most state laws insurance companies handle these risks and usually it is not necessary for employees to resort to legal procedure. The majority of states allow the injured worker 60 per cent of weekly wages for a period to be determined by the disability.



One of the wholesome effects growing out of these laws is the increasing interest shown by employers and their insurance companies in the prevention of accidents. The safety first campaigns are an indication that employers now realize their responsibility in this great industrial problem. Much remains to be done to perfect these compensation laws and to bring about greater uniformity among the states, but at least they give evidence of a change in social responsibility. Slowly we have adopted the philosophy that society (the consumer) should bear the cost of accidents and disease attendant upon the production of the goods it demands. The AF of L now approves of these compensation laws, though in the earlier stages of the movement they were opposed to them on the ground of excessive interference from the government.

**Occupational Disease** It is not always easy to determine whether a disease contracted by a worker is attributable to the particular occupation in which he is engaged. But through investigations conducted by the United States Bureau of Labor, it is definitely known that in several hundred occupations workers face the risk of contracting diseases peculiar to those trades. C. R. Daugherty's<sup>1</sup> grouping of occupations where diseases are hazardous is approximately as follows:

1 *The dusty trades* Iron and steel plants, foundries, for the grinding and polishing of metals, coal mines, quarries, glass plants, cotton, tobacco, and flour mills, mercury and lead industries. Inhalation of dust irritates or scars the tissues of the lungs, and leads to pneumonia, tuberculosis, anthracosis (from coal dust) or silicosis (from silica dust prevalent in anthracite mines). Dusts from mercury, lead, or tobacco are chemically absorbed and often result in deadly types of poisoning.

2 *The poisonous trades other than dusty* Metal and chemical industries where substances like lead, zinc, mercury, arsenic, and benzol are absorbed by inhalation or through the skin. Plumism from lead poisoning, hatter's shakes from exposure to mercury used in processing felt hats, necrosis (eating away of bones, liver, or other organs) from phosphorus, are some of the most fatal diseases. White phosphorus, formerly used in the

<sup>1</sup> C. R. Daugherty, *Labor Problems in American Industry*, Houghton Mifflin Co. Boston, 1936, pp. 109-110.

manufacture of matches has been banned through the federal power to regulate imports and exports. Lead for paints and other deadly substances should also be controlled.

3 *Occupations producing germ diseases* Infection by bacteria as from anthrax from animal products used in tanneries or from the hookworm parasite common in coal mines.

4 *Occupations producing skin infections* Dermatitis from contact with irritating acids or oils; infection, usually fatal, from radioactive substances such as are used in painting luminous watch dials.

Other occupational groups include those involving extremes in temperature such as lacquer and glass factories; those involving work in compressed or rarefied atmospheres, or artificial humidity, such as lacquer or glass factories; tunnel work or diving; weaving of textiles. Many other industries which produce disease might be added to this list.

**Health** One of the next goals for which laborers should strive is legislation preferably federal to provide for sickness compensation for workers. Within the past fifty years, nearly all European countries have adopted state compulsory health insurance. Most of these systems provide benefits for all workers except those in agriculture and those who receive sufficient income to cover health needs. The matter has been agitated mildly, in the United States for the last two decades and health insurance bills have been introduced in a few of our state legislatures. But no laws have yet eventuated, chiefly because of organized opposition headed by the American Medical Association. It will be noted that while the Social Security Act makes no direct provision for sickness compensation it does give grants in aid to the states for the care of the blind, of crippled children, and to dependent mothers and children.

**Unemployment and Retirement** Prior to 1935 a few states had laws providing for pensions for aged persons, but such benefits were available to all indigents and were in no way related to industrial employment. Also many of the labor unions had adopted systems of unemployment relief payments and retirement annuities. Properly we must include here the pensions or retirement annuities, granted to federal employees, soldiers, and sailors also the aid contributed in some states to retirement

annuities of teachers the police force and other public employees

The first federal legislation for any group of industrial workers was the law providing for retirement annuities for railroad workers enacted in 1934, but held unconstitutional in 1935. Two substitute acts followed but as their constitutionality was doubtful a third one the Railroad Retirement Act of 1937 was passed and with it an act to finance the plan the Carriers Taxing Act of 1937. These were held constitutional.

In 1935 Congress passed the Social Security Act hailed by many as the outstanding legislation of the New Deal. Certain provisions of this Act apply to unemployment and retirement annuities, but the discussion of these provisions is deferred to Chapter 20, in which social security legislation is analyzed more fully.

**Legislation Affecting Women in Industry** It is commonly conceded that in order to safeguard the future of our population, the health of women should be protected. Accordingly, the right of the states to legislate for the benefit of women workers is not questioned. The majority of our states have some enactments pertaining to women workers in industry, but two of the largest groups have not been included — those in agricultural and domestic service.

These laws deal with working conditions, hours of work and latterly wages. In 1917 the Supreme Court of the United States ruled favorably on state laws to regulate hours of women in industry and by 1937 twenty states had enacted such laws. The specified number of hours varies in the different states with eight or ten the most frequent minimum. In many states women are barred from occupations that are hazardous physically or that might be injurious morally such as hauling of freight and baggage, working in mines, quarries, smelters, bowling alleys, shoe shining parlors. Women are also barred from those trades in which occupational diseases might be generated. Some states forbid the employment of women for a certain period before and after childbirth. Too attempts are made in many states, particularly the northeastern and the southern, to control women's work in the sweatshop trades.

Specifications relating to working conditions cover sanitation

of rest rooms proper lighting for work ventilation seats rest periods and similar matters Minimum wage laws are now legal under a decision of the United States Supreme Court in 1937 Twenty two states now have such laws And of course the specifications of the Fair Labor Standards Act (1938) apply to production that enters interstate trade

Many women and women's organizations are opposed to any legal controls over women in industry They claim that it bars women from competing with men on equal grounds This opposition has brought no results, however in stemming the tide of such legislation or in effecting any repeals Failing in these efforts the various women's groups are now lobbying for modification of these laws at least in the matter of hours They ask that women in the highest clerical positions and those serving in administrative capacities be released from minimum hour stipulations with the accompanying overtime increment in pay They fear that management will replace them with men if these amendments are not granted

In Chapter 17 it was pointed out that in general women have been indifferent to union organization This trend may be changing however, as indicated by the recent successes in unionizing women workers in the industrial regions of the South

**Legislation Affecting Underage Workers** Legislation by states to control child labor began early in our national history, with a law passed in Connecticut in 1813 regulating the education of employed children But the movement on the whole did not progress rapidly during the nineteenth century as evidenced by the fact that in 1899 only 28 states had passed child labor laws of any kind In 1904 the National Child Labor Commission was organized and its leadership soon had the support of scores of other socially minded organizations such as women's clubs The American Federation of Labor also cooperated Today every state has some legislation affecting child labor, though some of the laws are very meager and very loosely enforced The standards set up by the National Child Labor Commission have had a good influence on legislation they are minimum age of fourteen years for employment in manufacturing, sixteen years in mining maximum of eight hours a day no night work and documentary evidence of age

Great impetus to the curtailment of child labor came from the Smith Hughes Act, 1919 which gave the states financial aid for continuation schools and other kinds of vocational education. This support required compulsory school attendance which automatically cut down child labor in industry. It can readily be understood that school attendance laws must exist and be thoroughly administered if child labor laws are to be enforced.

The two federal laws to control child labor 1916 and 1919 were declared unconstitutional. In order to legalize federal child labor legislation, Congress in 1924 passed a bill for amendment to the Constitution, giving Congress the right to regulate the labor of minors up to nineteen years. But up to the present only twenty eight states have ratified this proposed amendment. There remains some hope for ratification by three fourths of the states as the Supreme Court ruled in 1939 that the amendment was still pending and that it would be legal for a state that had originally voted against the amendment to reverse its position. However current news suggests the likelihood that a substitute amendment may be offered by Congress with the age limitation lowered to sixteen years and possibly with the provision that the ratification period may not extend beyond five years. With this significant change in the age limit and with the more liberal attitude of the Supreme Court in recent years it is hoped that the United States may be able in another decade to claim jurisdiction over youth in industry.

Under the NIRA all industrial codes were to carry a statement that the use of child labor constituted unfair competition. Although this Act was overruled by the Supreme Court its influence has carried over into other child labor legislation. The Walsh Healy Public Contracts Act of 1937 specifies, with reference to child labor that on goods produced for the Federal government amounting to \$10,000 or more no boys under sixteen nor girls under eighteen may be employed. The Jones Sugar Act of 1937 denies government subsidy to any beet grower who has used the labor of children under fourteen, except where the children's parents own 40 per cent of the crop. The Fair Labor Standards Act of 1938 contains a clause affecting child labor stipulating that children may not be employed in the production of goods that are involved in interstate commerce.

Control under this Act resides in the Children's Bureau of the Department of Labor, which has the power to extend the sixteen year regulation up to eighteen years if the industry is hazardous. Thus the Federal government in an indirect way has secured control over child labor in a large proportion of industries though denied the power which the amendment would have granted.

**Legislation Affecting Wages and Hours** Until a few years ago wages and hours legislation has applied only to women and children as set forth in the preceding section of this chapter. State laws purporting to regulate wages and hours of all industrial workers have either been declared unconstitutional or are of doubtful status. In 1937, however, the Supreme Court approved an interstate minimum wage agreement undertaken by several states. In that year also the Federal government through the Walsh Healy Public Contracts Act required that all industries securing government contracts of \$10 000 or more must establish a 40 hour week or 8 hour day and must pay the prevailing wage rate. The Guffey Coal Bill reenacted in 1937 provided for regulation of wages and hours for workers in the coal industry.

In 1938 Congress passed the Fair Labor Standards Act (also known as the Federal Wage and Hour Law) to apply to industries engaged in interstate commerce. This law established maximum hours as follows: 44 hours per week during the first year ending November 1939; 42 hours per week during the second year; 40 hours per week thereafter. The minimum wage standards are 25 cents per hour during the first year; 30 cents per hour during the next six years; 40 cents per hour thereafter. The agency responsible for the administration and enforcement of this Act is the new Wage and Hour Division of the Department of Labor. The Secretary of Labor appoints the administrator of this Act to whom power is given to fix wages, to grant wage differentials and to enjoin violators of the Act.

It is not easy at this time to evaluate federal regulation of hours and wages because this Act has been in force only a short time and because the Act covers only a minor portion of our laboring population. The AF of L estimate is 11 000 000 workers.<sup>1</sup> It

<sup>1</sup> Report of the Executive Council of the American Federation of Labor 1939 p. 148

is encouraging that so few employers have shown antagonism to the Act but on the other hand there appears to be a definite tendency for employers to install machinery to replace workers wherever possible. The AF of L feels that the staff of inspectors is inadequate and not well seasoned in trade union experience. The Federation therefore urges that all unions create wage and hour committees to carry on educational and informational work among union members and among the unorganized wage earners.

### WORLD WAR II MEASURES AFFECTING LABOR

**The National War Labor Board** Representatives of labor and industry, in conference late in 1941 agreed for the duration to eliminate strikes and lockouts all disputes to be settled by peaceful means. The National War Labor Board was established January, 1942 to adjust such disputes. This Board consists of 12 commissioners appointed by the President, employers, employees and the public being equally represented. Procedure is as follows: (1) Parties to the dispute must first negotiate. (2) If the dispute is not settled through negotiation it is referred to the commissioners of conciliation of the Department of Labor. (3) If not settled thus, the Secretary of Labor shall certify the dispute to the National War Labor Board. This Board replaced the National Defense Mediation Board established in 1941.

**The War Manpower Commission**, established April 18 1942 includes representatives from the Departments of War and Navy, the War Production Board the Selective Service System, and the Civil Service Commission. Mr. Paul V. McNutt is chairman assisted by local labor management chairmen in the major war production areas. The WMC is responsible for the most effective utilization of the labor forces of the country to the end that there shall be sufficient man power for agriculture and industry as well as for the government's requirements in winning the war.

The capabilities of every man between 18 and 65 are measured against his present job. If he can do another job of greater importance he is to be shifted to it. The Commission first relies upon cooperation. Employer and employee must stand ready

to make necessary transfers. If cooperation fails, the Commission may use coercive means.

The Commission secures lists of essential occupations from the United States Employment Service. The War Production Board furnishes information as to the needs of all war plants. Placement is effected through the USES. Through the Selective Service System men may be deferred from military duty to remain in industry or agriculture. Housing is provided for agricultural workers. Transportation to essential jobs is arranged through the Office of Defense Transportation.

**A National Service Act Proposed** Because voluntary methods for directing workers to the war industries have not filled the need, a strong feeling has developed in favor of labor conscription, both man power and woman power. Chairman McNutt<sup>1</sup> and many industrial and political leaders have advocated a law to effect total mobilization of labor. In a message to Congress, January, 1944, the President proposed a National Service Act, offering two reasons therefor: 1, to prevent strikes; 2, to attain nothing less than total mobilization of man power and capital. These proposals have met with strong opposition. From industrial executives, many federal war executives, and Congressmen come the contentions that such an act could not be administered effectively; that the armed forces are near the maximum; hence there need be no further serious draft of workers; that war production will decline after the middle of 1944; that the slack in labor caused by featherbedding and similar unjustifiable practices continues; that the proposed act would not stop strikes nor wage increases; that we have not yet carried out Mr. Baruch's recommendation that a check on all available man power be made before an act is initiated.

Organized labor naturally opposes such legislation. They interpret it as another attempt at strike breaking, and they object further that no reference is made to wages.

**The Little Steel Formula** In April 1942 the National War Labor Board was successful in settling a serious wage dispute between the Steelworkers of America (CIO) and Little Steel (Bethlehem, Republic, Inland, and Youngstown Sheet and

<sup>1</sup> Paul G. McNutt, "Our No. 1 Problem: Manpower Solution," A National Service Act, *Saturday Evening Post*, November 21, 1942.



Tube) By the terms of settlement the Steelworkers agreed to accept whatever wage increase would be sufficient to bring wages into line with the cost of living in April 1942 From January 1 1941 taken as a base through April, 1942 living costs had risen 15 per cent The NWLB therefore decreed that a 15 per cent increase in wages during that period was justified This method of determining wage increases has since been referred to as the Little Steel Formula By this formula the Steel workers had to be content with less than half the advance they had asked one dollar a day But they accepted the decision of the NWLB in the faith that living costs would be held to the April 1942, level for on April 27, 1942 the President had announced his program of inflation control saying that living costs would be held to the level of April, 1942

The Little Steel Formula is not without flexibility Provision is made for wage adjustments above 15 per cent if necessary (a) to equalize wage inequalities in different regions (b) to eliminate substandards of living among any group of workers (c) to facilitate flow of man power to any particular war production area

An analysis of trends since April 1942, shows that the Little Steel Formula has slowed up the rise in wages, but has put no ceiling on them Likewise, while living costs have been held in check they have risen in particular lines and in different communities The CIO has not been satisfied with results under the Little Steel Formula They contend that the statistics used in computing the present living cost standards are out of date that the rise in costs of living has actually been greater than that shown by current statistical method They are now developing what they believe to be an up to date, more equitable basis for computing standards of living

**The 48-Hour Week** By Presidential order of February 9 1943, the War Manpower Commission was empowered to institute a 48 hour week as a minimum work week wherever they deemed it necessary to secure the fullest utilization of American man power Time and a half was authorized for over time This power was granted only for the duration and it is not expected that the longer week will be maintained beyond the war period

**Employment of Underage Workers** Reports of the Bureau of Labor for April 1943 state that twice as many boys and girls were employed then as in January, 1941. October, 1943 tabulations showed two million 16 and 17 year old boys and girls employed in full or part time work. Including summer jobs approximately 5 million boys and girls 14 through 17 years of age were employed in the summer of 1943. This has been made possible through the relaxation of the child labor laws of the various states. Nearly three fourths of the states modified school programs to enable children to work. Seldom is the child tested as to mental or physical fitness for the job, and most jobs are dead end. Greed for additional family income too often prompts parents to give consent. Can any monetary consideration in the present compensate for illiteracy and poor health in the future?

**Effect of the War on Labor Standards** Surveys of labor conditions show an alarmingly high accident rate, increases in absenteeism, illness, occupational disease, and labor turnover. Such statistics spell waste of man power. Tests prove that rate of production tends after a period to decrease. Absenteeism, commonly considered wilful, is proved to be due, almost without exception, to illness, accident, transportation difficulty, bad nutrition, and lack of child care facilities. Labor and other social welfare organizations are alive to these deplorable conditions and are already pleading for a return to peacetime standards after the war.

Fear is expressed in labor conferences that war measures may cause a serious setback to the legal rights of the union. The

'Little Steel Formula' such proposed legislation as the National Service Act, the incorporation of unions, the licensing of labor union organizers, and other regulations interfering with the internal affairs of labor unions — all may well be viewed as a concerted attack by the opponents of unionism.

#### TERMS TO BE UNDERSTOOD

assumption of risk doctrine	contributory negligence
peaceful picketing	secondary boycott
labor injunction	fellow servant rule
yellow-dog contract	sit-down strike
	union label

## QUESTIONS FOR DISCUSSION

- 1 If you were the manager of a shoe factory to what extent if any would your labor contracts be affected by the Fair Labor Standards Act?
- 2 Cite Supreme Court decisions on labor legislation within the last few years that indicate a more liberal attitude on the part of the Court
- 3 In what way should the National Labor Relations Act diminish the number and power of company unions? Cite an illustration of the company union today
- 4 If you were one of several influential leaders among the laborers of a large factory in which only a company union exists what steps would you and your fellow leaders take to convert the union into either an AF of L or a CIO union?
- 5 What relation do you see between the history of labor unionism among railroad employees and the number of federal laws affecting this group of workers? Refer also to Chapter 17
- 6 To what extent has the employer's freedom to do as he pleases with his own factory been limited in recent years?
- 7 Why are some women opposed to special legislation designed to protect women?
- 8 Why has organized labor opposed some labor legislation designed to help labor?
- 9 What is meant by factory inspection? Are there factory inspectors in your state? What do they do and under what authority?
- 10 How has the interstate commerce clause of the Federal Constitution been used to regulate labor relations and labor conditions?
- 11 How does the United States compare with England in respect to labor legislation?
- 12 Why are strikes more frequent during recovery from a depression? How might they be minimized or avoided?
- 13 What machinery for mediating labor disputes exists in the United States? What other measures would help?

## FOR FURTHER STUDY

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## CHAPTER 19

### STANDARDS OF LIVING AND ECONOMIC INEQUALITY

The success of an economic system is measured largely in terms of the goods and services which it produces for the population it must support. The American economic system making generous use of the many raw materials of industry with which this nation is favored, has produced goods and services in such unprecedented amounts that it has permitted the highest standard of living the world has known. Despite this excellent record there are large segments of the population which are not enjoying this standard. These segments have been called the "ill fed, ill clothed, and ill housed third of the nation." Various studies of the incomes and standards of living of the American people show that in normal times relatively few people in the United States are enjoying comfortable incomes, many are able to enjoy only the barest necessities of life, while many more can scarcely afford even the minimum essentials of health and decency.

During the war, as a result of high wages and plenty of work, there has been a considerable improvement in incomes and standards of living for millions of Americans but there is still inequality and even deprivation. The war prosperity is decidedly localized with many sections of the country receiving few or no war orders. Moreover the post war period is likely to see a return to earlier conditions. It is the "normal" situation with which we are concerned here, and which constitutes a real challenge to the economic order.

Many of our social problems have their roots in the size of the national income and especially in its distribution. With a larger national income and a more equitable distribution of that income, many of our present problems would be well on the way toward solution. In the meantime however in order to appreciate social problems in their current setting we must determine how our

national income is divided and how this income is spent By such a study we will discover how various segments of the population get along in terms of economic goods and services We will also discover some sore spots which call for remedial action

Before actual studies were made of the distribution of the national income it was generally believed that the average American family enjoyed quite a comfortable living and was many times better off than the average family in any European country There are some who talk today in the same vein They point out <sup>1</sup> that while France and England have one automobile to every 18 persons, Italy one to every 93, and Russia one to every 252, the United States has a car for every 4 persons In a similar way they point out our proportionate superiority in the ownership of radios, telephones bathtubs and a host of other goods and services which are commonplace in the United States Such statements are undoubtedly true, yet they present only one side of the picture — the bright side

While the people of the United States have a higher average income than those of any European country there are wide deviations from this average Studies of family incomes by the National Resources Committee and other public and private agencies demonstrate conclusively that there is great inequality in the distribution of the national income, that the so called

American standard of living is not representative of the population as a whole Millions of American families are receiving incomes which are no credit to the ability of the economic system to perform its function in production and distribution

The importance of learning exactly who gets the national income and how it is spent is being appreciated more and more At the request of interested business groups the 1940 Census contained questions pertaining to income and spending When these replies are tabulated we will possess a more comprehensive picture of how Americans live than has ever been available before The information will be of great assistance in determining what groups need aid from the greater society

**Income and Standard of Living** C S Wyand writes that the 'standard of living' is composed of the goods which have

<sup>1</sup> National Association of Manufacturers *The American Standard of Living* Booklet No 4 rev ed. New York, Jan 1940

become habitual items of consumption for typical members of an economic class or group<sup>1</sup> These goods do not include what an individual would like to have but only those things which he feels he must have to belong to his particular economic group This use of the term standard of living implies that there are many different standards in existence in America In addition this use of the term does not describe the way spending units actually spend their income The terms plane of living or scale of living refer to the actual expenditures of individuals or family groups

The term national income refers to the net volume of goods and services produced in a given year To make this understandable, we give dollar values to these items so that we speak of the national income in terms of billions of dollars In talking of family or individual incomes we include the net earnings of the various members of the family, profits dividends interest rent pensions annuities benefits gifts used for current living expenses value received from occupancy of owned homes and — for rural families — the value of home grown food and other farm products used by the family<sup>2</sup>

The money income received by persons is spent for food clothing shelter, and other goods and services — the things which are produced by the economic system — and it is these goods and services which the individual consumes that represent his real income, as contrasted with his money income part of which may be saved or invested In order to determine how these goods and services are distributed among the American consuming units we must first find out how the money income was distributed Attention will therefore be turned to a discussion of the distribution of the national income<sup>3</sup>

## THE DISTRIBUTION OF THE NATIONAL INCOME

It is possible to show the distribution of the national income in a variety of ways We can show it for the population as a whole

<sup>1</sup> C S Wyand *The Economics of Consumption* p 469

<sup>2</sup> National Resources Committee *Consumer Incomes in the United States* p 2

<sup>3</sup> Unless otherwise indicated the statistics on incomes are derived from *Consumer Income in the United States of 1935-36* The data secured from a study of 300 000 families refer to July 1935-June 1936 incomes

we can show the distribution by thirds and tenths of the population we can show the division into wages rent, interest and profit we can show regional differences rural urban differences occupational differences and racial differences Each of these will be discussed in the following pages

**Incomes of All Consumers** Table XXXV shows how the national income in 1935-1936 which amounted to almost sixty billions of dollars, was divided among American families and single individuals according to income levels <sup>1</sup>

It is seen from the table that 17 per cent of the consuming units received less than \$500 income during 1935-1936 Over 59 per cent received \$1250 or less in terms of weekly pay this amounts to \$24 certainly not a large pay with which to support a family More than 89 per cent of the units received \$2500 or less and as will be shown later, it would require about this amount to give the average American family a health and decency standard of living

The median income — the figure which had half the incomes above and half below — was \$1070, or about \$20 60 a week The mean income which is derived by dividing the aggregate income by the total number of consuming units was \$1502 but this figure is too high for most families because the large incomes of a few families raise the average figure Even this income, however, would not provide the average family with more than the minimum essentials for health and decency

**The Three-Thirds of the Nation** The inequality in the distribution of income is seen clearly when the consuming units are divided into thirds The lowest  $33\frac{1}{3}$  per cent of the consumer units those with incomes under \$780 in 1935-1936 received only 10 per cent of the aggregate income, or an average income of \$471 per unit This is the "ill fed ill clothed and ill housed" third of the nation for whom President Roosevelt has expressed special concern The \$9 a week average income cannot provide

<sup>1</sup> Unless otherwise indicated the statistics on incomes are derived from *Consumer Income in the United States* op cit p 6 The inclusion of single individuals numbering over 10 000 000 with the families numbering over 29 000 000 has the effect of increasing the proportion of incomes in the lower brackets This does not alter the results seriously however The picture for families alone is given in Table 3 p 18 of that volume For brevity the term consuming units will be used to refer to families and single individuals Institutional groups are excluded



a very high plane of living especially when it is realized that this income figure includes the imputed rental values of homes

TABLE XXXV<sup>1</sup>

DISTRIBUTION OF FAMILIES AND SINGLE INDIVIDUALS AND OF AGGREGATE  
INCOME RECEIVED BY INCOME LEVEL 1935-1936

Income Level	Families and Single Individuals			Aggregate Income		
	Number	Per Cent at Each Level	Cumulative Per Cent	Amount (in Thousands)	Per Cent at Each Level	Cumulative Per Cent
Under \$250	2 123 534	5 38	5 38	\$294 138	0 50	0 50
\$250-\$500	4 587 377	11 63	17 01	1 767 363	2 98	3 48
\$500-\$750	5 771 960	14 63	31 64	3 615 653	6 10	9 58
\$750-\$1 000	5 876 078	14 90	46 54	5 129 506	8 65	18 23
\$1 000-\$1 250	4 990 995	12 65	59 19	5 589 111	9 42	27 65
\$1 250-\$1 500	3 743 428	9 49	68 68	5 109 112	8 62	36 27
\$1 500-\$1 750	2 889 904	7 32	76 00	4 660 793	7 87	44 14
\$1 750-\$2 000	2 296 022	5 82	81 82	4 214 203	7 11	51 25
\$2 000-\$2 250	1 704 535	4 32	86 14	3 602 861	6 08	57 32
\$2 250-\$2 500	1 254 076	3 18	89 32	2 968 932	5 01	62 34
\$2 500-\$3 000	1 475 474	3 74	93 06	4 004 774	6 76	69 10
\$3 000-\$3 500	851 919	2 16	95 22	2 735 487	4 62	73 72
\$3 500-\$4 000	502 159	1 27	96 49	1 863 384	3 14	76 86
\$4 000-\$4 500	286 053	72	97 21	1 202 826	2 03	78 89
\$4 500-\$5 000	178 138	45	97 66	841 766	1 42	80 31
\$5 000-\$7 500	380 266	96	98 62	2 244 406	3 79	84 10
\$7 500-\$10 000	215 642	55	99 17	1 847 820	3 12	87 22
\$10 000-\$15 000	152 682	39	99 56	1 746 925	2 95	90 17
\$15 000-\$20 000	67 923	17	99 73	1 174 574	1 98	92 15
\$20 000-\$25 000	39 825	10	99 83	889 114	1 50	93 65
\$25 000-\$30 000	25 583	06	99 89	720 268	1 22	94 87
\$30 000-\$40 000	17 959	05	99 94	641 272	1 08	95 95
\$40 000-\$50 000	8 340	02	99 96	390 311	66	96 61
\$50 000-\$100 000	13 041	03	99 99	908 485	1 53	98 14
\$100 000-\$250 000	4 144	01	100 00	539 006	91	99 05
\$250 000-\$500 000	916	*		264 498	45	99 50
\$500 000-\$1 000 000	240	*		134 803	23	99 73
\$1 000 000 and over	87			157 237	27	100 00
All levels	39 458 300	100 00		\$59 258 628	100 00	

\* Less than 0 005 per cent

<sup>1</sup> National Resources Committee *Consumer Incomes in the United States* p 6

inhabited by the owners, and the value of food and other articles grown or made at home. It also represents the earnings of all employed members in the family.

The National Resources Committee report states that

These 13 million families and single individuals are not a distinct and unusual group. They include all types of consumer units living in all types of communities and belonging to all the major occupational classifications. They differ from the other two thirds of the nation principally in the large proportion receiving relief at some time during the year, in the large number living on farms and in the small number found in professional, business, and clerical occupations.<sup>1</sup>

The middle third of the consumer units in the nation included the 13 million units receiving between \$780 and \$1450 during the year. About 13 per cent of this group received some relief during the year. This 33 $\frac{1}{3}$  per cent received 24 per cent of the total income, with an average (mean) income of \$1076 or \$20.70 a week.

The upper third included those receiving incomes ranging from \$1450 to over a million dollars. As a group they received 39 billion, nearly two thirds of the aggregate income of all consuming units. This is in sharp contrast to the 10 per cent of the aggregate income received by the bottom third. The average (mean) income of the top third was almost \$3000, but this is weighted upward by the very large incomes at the top. Most of the wage earning families in this group were near the \$1450 figure, with the average income close to \$2100, about \$40 weekly. The families in the professional and business groups had average incomes of \$5000 and \$4400 respectively, which permitted very comfortable living.

**Income Division by Tenths** Greater extremes in incomes are shown when the national income is divided into tenths, with the number of consumer units each tenth supports, and when the consumer units are divided into tenths, with the proportion of the aggregate income each tenth receives. Figure 30 indicates the first division.

From Fig. 30 it is seen that the lowest 10 per cent of the aggregate income supports 12,745,000 consumer units, or 32.3 per

<sup>1</sup> National Resources Committee, *Consumer Incomes in the United States*, p. 9. See Table 3 B, page 95, for the figures used in this section.

cent of the total. Thus one tenth of the income must support one third of the population. The two lowest tenths of the income (one fifth) support almost half of the population (48.9 per cent). At the other extreme the same amount of income which supports the bottom 32.3 per cent of the consumer units is received by the upper 0.5 per cent of the consumer units. The two highest tenths of the income go to 2.4 per cent of the consumer units while the same amount must support 48.9 per cent of these units at the two lowest tenths.

PROPORTION OF NATIONS CONSUMER UNITS RECEIVING  
EACH TENTH OF AGGREGATE INCOME  
1935-36

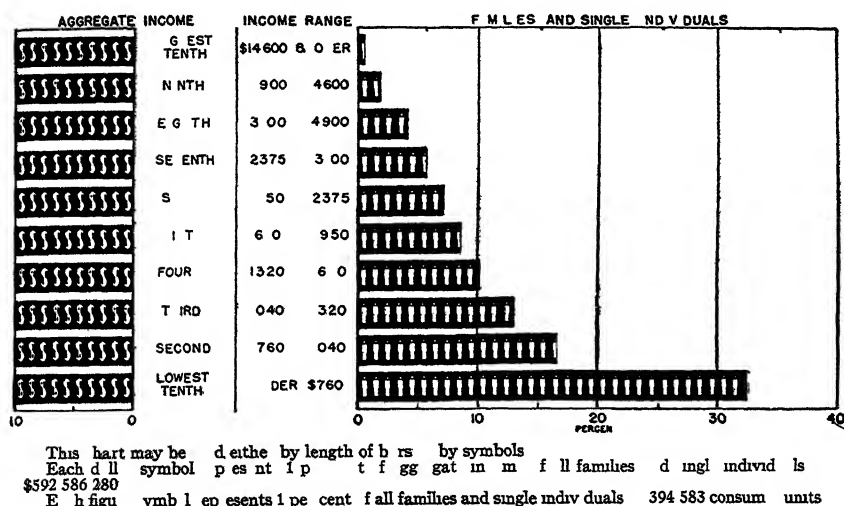


FIG. 30

From National Resources Committee *Consumer Incomes in the United States* p. 7

Figure 31 shows the same situation in a different way. Here it is seen that the lowest 10 per cent of the consumer units receive only 1.7 per cent of the total income. The top tenth, however, receive 36.2 per cent, or more than the bottom six-tenths combined. In other words, 10 per cent of the consumer units at the top receive almost as much total income (36.2 per cent) as the bottom 70 per cent (37.8 per cent). In fact, the top 5 per cent receive almost as much (27.2 per cent) as the bottom 60 per cent (28.5 per cent). The highest 1 per cent receive almost as much

(13.8 per cent) as the bottom 40 per cent of the consumer units (14.4 per cent of the total income) here indeed is gross inequality in the receipt of income. The top 1 per cent can live in luxury while the bottom two fifths of the population must share jointly the very same income.

SHARE OF AGGREGATE INCOME RECEIVED  
BY EACH TENTH OF NATIONS CONSUMER UNITS  
1935-36

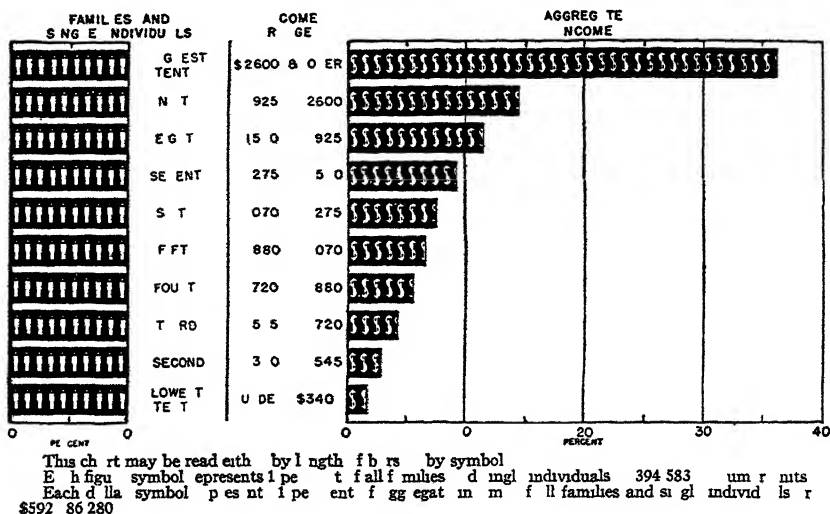


FIG. 31

From National Resources Committee *Consumer Incomes in the United States* p. 5

**Regional Differences in Income** In a country the size of ours there are bound to be variations in income among the various regions of the nation. Some regions are poor in natural resources, others are rich; some regions are heavily settled, others are sparsely settled; some regions are heavily industrialized, others are largely agricultural. All of these factors have an effect on the productivity of the various regions, and hence upon their incomes. The differences in income by geographic regions of the United States are shown in Table XXXVI.

New England families, with a mean income of \$1810 per year, fared better than did the families in other regions of the country. The families in the North Central and Pacific regions had the next highest incomes, with mean incomes of \$1786 and \$1775 respectively. The Mountain and Plains Region was next with \$1363,

while the South came last with \$1326. It should be pointed out that the latter two regions are predominantly rural and agricultural, while the first three regions are highly industrialized, have the largest cities, and have the largest income receivers. The lower incomes in the farmer regions are augmented in part by the fact that prices are lower than in the industrialized sectors.

TABLE XXXVI

AVERAGE INCOMES OF FAMILIES IN FIVE GEOGRAPHIC REGIONS BASED ON  
SAMPLE DATA 1935-1936

<i>Geographic Region</i>	<i>Average Income per Family</i>			
	<i>Median</i>		<i>Mean</i>	
	<i>All Families</i>	<i>Nonrelief Families</i>	<i>All Families</i>	<i>Nonrelief Families</i>
New England	\$1230	\$1365	\$1810	\$2011
North Central	1260	1410	1786	1973
South	905	985	1326	1431
Mountain and Plains	1040	1220	1363	1537
Pacific	1335	1485	1775	1937

**Rural-Urban Differences in Family Income** Differences in family incomes exist not only between the urban and rural sections of the country but also between the different sized cities and metropolitan areas. Figure 32 shows this information.

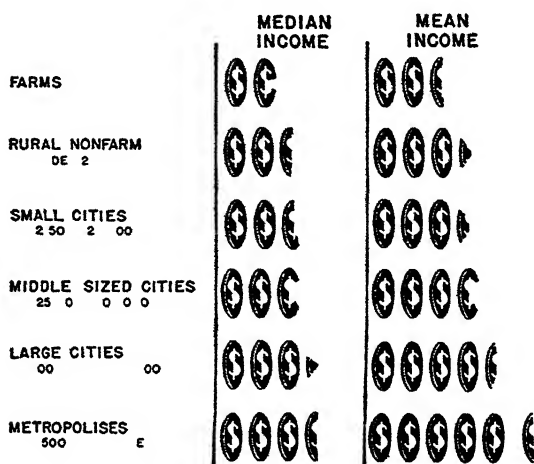
The families living in the larger cities and in the metropolises received larger shares of the total family income in proportion to their numbers than did the families in the smaller communities and rural areas. Metropolitan families made up 11.3 per cent of all families, but received 17.1 per cent of the total family income; on the other hand, farm families made up 24.8 per cent of the total, yet received only 17.5 per cent of the total family income. The median farm income of \$965 compared unfavorably with the median for metropolises, \$1730. The mean farm income of \$1259 made an even poorer showing against the mean of \$2704 for metropolises, but it should be remembered that the very wealthy who live mainly in the metropolises raise the latter average considerably. The sharp rise in farmers' incomes occa-

<sup>1</sup>National Resources Committee *Consumer Incomes in the United States* p. 6  
Table 6

sioned by the increased demand for food and abnormally high prices, has undoubtedly changed this picture for the present. The net gain in farm income has been greater than that of any other major occupational group.

### AVERAGE INCOMES OF NONRELIEF FAMILIES IN SIX TYPES OF COMMUNITY

1935 36



EACH DOLLAR REPRESENTS \$500 OF INCOME FOR THE YEAR

FIG. 32

From National Resources Committee *Consumer Incomes in the United States* p. 24

These marked differences in income do not necessarily mean that farm families are so much worse off than city families. A farm income of \$965 will provide a different standard in a farm area than it will in an urban area. To begin with, retail prices are lower in the rural areas, but more important is the fact that farm families produce most of their own food and fuel. While these factors enter in the determination of the total income, their lower cost on the farm means more to the farm families in terms of actual living standards. In addition, this dollar income is increased for the average farm family by a larger volume of unpaid services from the wife and other members of the family, and these free services reduce considerably the amount of money that must be spent for food, clothing, and other items in the family budget.

The data show however that the average farm family has 4.5 persons as compared with 3.5 for the large cities and metropolises. This again means a greater burden on the farm income, which is much smaller to begin with. On the whole it seems probable that the advantages in living cost accruing to farm families are not sufficient to offset the full amount of difference found between their incomes and those of other groups. Beyond these differences in money incomes and costs of living there are, of course many differences in the satisfaction derived from rural and urban modes of living which cannot possibly be evaluated in monetary terms.<sup>1</sup>

**Functional Distribution of Income** By functional distribution of income we refer to the distribution according to the economic functions performed that is whether one is an employee, business owner, a rentier or a capitalist. Table XXXVII shows this distribution as a percentage of the income for that year.

TABLE XXXVII<sup>2</sup>

PERCENTAGE DISTRIBUTION OF TOTAL INDIVIDUAL INCOME BY TYPE OF RECEIPT  
1926-1937

<i>Year</i>	<i>Total Income</i>	<i>Compensation of Employees</i>	<i>Entrepreneurial Net Income</i>	<i>Net Rents and Royalties</i>	<i>Dividends</i>	<i>Interest</i>
1926	100.0	63.0	17.6	4.6	6.1	5.9
1927	100.0	62.9	16.8	4.3	6.5	6.2
1928	100.0	61.1	16.4	4.2	6.5	6.2
1929	100.0	62.9	16.0	4.1	7.1	6.4
1930	100.0	67.6	14.4 *	3.8	8.1	7.8
1931	100.0	70.8	12.8	3.6	7.5	9.6
1934	100.0	65.9	16.8	3.2	5.3	9.8
1935	100.0	64.7	17.5	3.3	5.3	8.5
1936	100.0	63.6	17.3	3.4	7.1	7.2
1937	100.0	65.1	17.2	3.5	7.4	6.7

It is interesting to note that employees received about the same percentage of the national income during the depression years as they had averaged before 1930. Businessmen held their own rather well except for the worst depression years. Rents and

<sup>1</sup> National Resources Committee *Consumer Incomes in the United States* p. 11

<sup>2</sup> Adapted from Table 10 p. 37 and Table 11 p. 38 of *Investigation of Concentration of Economic Power* Temporary National Economic Committee Monograph No. 4 Washington D. C. 1940

dividends dropped somewhat, but interest payments actually increased after 1929 above the pre 1929 average. Some people feel that since labor receives about two thirds of the national income, it shows that labor gets treated well. It should be added however, that the so called wage earner group makes up much more than 65 per cent of the income receivers, so that the average income is not very high. It is also alleged that since rent, interest and dividends make up such a small percentage of the total income, it proves that these payments are not excessive. Because of the relatively few people in these groups, however, the average income is relatively high as compared with that of the wage earner.

**AVERAGE INCOMES OF NONRELIEF FAMILIES  
IN SEVEN OCCUPATIONAL GROUPS**

1935 36

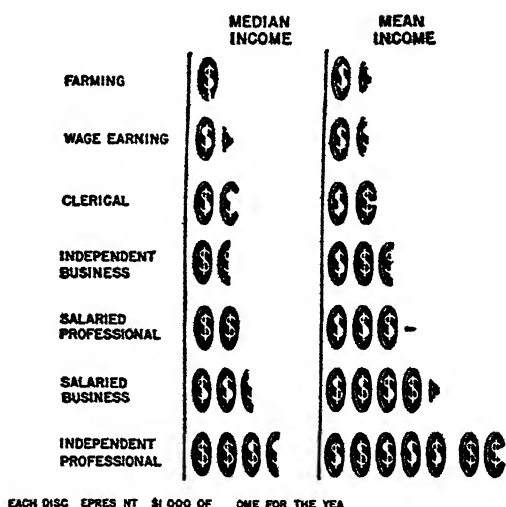


FIG 33

From National Resources Committee *Consumer Incomes in the United States* p. 26

**Occupational Differences in Income** Another method of comparing incomes is on the basis of the type of occupation of the chief earner in the family. Figure 33 shows this classification. The wage earning families make up 37.9 per cent of the families but receive only 27.5 per cent of the total family income. This percentage of families in the wage-earner class is abnormally



low because this table excluded relief families and it is well known that the majority of relief families are ordinarily in the wage earner group

It is interesting to note that while the salaried business and independent professional groups make up 4.5 and 1.4 per cent respectively of the total families, they received 10.6 and 5.2 per cent respectively of the total income. The groups that make up the largest number of families also have the lowest median and mean incomes, indicating that the more of a particular group there are, the lower will be the average income.

A further breakdown of these occupational groups according to the size of city or town in which the families were located showed that for each of the occupational groups the family incomes were lower in the smaller towns than in the large cities and metropolises.

**Income and the Size of the Family** Economic factors as a cause of smaller families can be appreciated when we study the relation between the size of a family and its income. This is shown in Table XXXVIII on page 536.

It is seen that for a time the median and mean incomes rise as the size of the family increases, but at seven children or more the absolute income of the family falls. The rise in income is not nearly enough to offset the increase in the size of the family and as a result the per capita income drops sharply from \$774 for two person families to \$221 for families of seven or more persons. For relief families averaging 4.5 persons the per capita income was \$165.

While two cannot live as cheaply as one or four as cheaply as two yet the various economies in living expenses possible in the larger households reduce in considerable measure the amount of additional income required for each additional member. But for families of three or more members it is evident that the average level of living fell as the size of the family increased. Although a larger proportion of these households included young children whose costs of maintenance are lower than for the average adult the sharpness of the drop in per capita incomes clearly suggests a drop in real income.<sup>1</sup>

**Racial Differences in Income** Perhaps the most difficult differences in income to justify are those that exist between the whites and the Negroes and other racial groups. Much of the

TABLE XXXVIII<sup>1</sup>

## AVERAGE AND AGGREGATE INCOMES OF NONRELIEF FAMILIES OF FOUR SIZES AND OF RELIEF FAMILIES, \* 1935-36

Relief Status and Size of Family	Families		Average Number of Persons per Family	Average Income			Aggregate Income	
	Number	Per Cent		Per Family		Per Capita (Mean)	Amount (in Thousands)	Per Cent
				Medi n	Mean			
Families not receiving relief								
2 persons	6 668 800	22.7	2.0	\$1130	\$1549	\$774	\$10 329 539	21.7
3-4 persons	11 170 400	38.0	3.4	1360	1864	542	20 823 778	43.6
5-6 persons	4 804 400	16.3	5.4	1370	1905	355	9 151 457	19.2
7 or more persons	2 269 600	7.7	8.1	1235	1787	221	4 055 126	8.5
All nonrelief families	24 913 200	84.7	3.8	\$1285	\$1781	\$463	\$44 359 900	93.0
Families receiving some relief*	4 487 100	15.3	4.5	685	740	165	3 319 338	7.0
All families	29 400 300	100.0	3.9	\$1160	\$1622	\$411	\$47 679 238	100.0

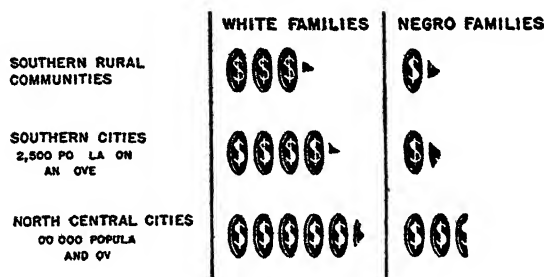
\* Families are classified as receiving relief if they received any direct or work relief (however little) at any time during year. Many such families were dependent on relief for part of the year only and then may have been only partially dependent. The incomes of the relief group therefore include earnings from regular employment and other nonrelief income as well as direct relief in cash and kind and work relief earnings.

<sup>1</sup> Adapted from p. 21 of *Investigation of Concentration of Economic Power*. Temporary National Economic Committee Monograph No. 4. Washington, D. C., 1940.

differential appears to be based solely on the racial characteristics since the racial comparisons are made for each type of area. Figure 34 shows a comparison of white and Negro incomes in various types of communities.

**AVERAGE INCOMES OF WHITE AND NEGRO FAMILIES  
(NONRELIEF) IN THREE TYPES OF COMMUNITY**

1935-36



Each disk represents \$500 of average (mean) income for the year

FIG. 34

From National Resources Committee *Consumer Incomes in the United States* p. 28

In the rural South over half of the nonrelief Negro families had incomes of less than \$500; more than nine tenths of them had less than \$1000 a year income in 1935-1936. The white families had only 10 per cent with incomes below \$500 and 45 per cent below \$1000. In southern cities, mostly small in size, 47 per cent of the Negroes made under \$500, while only 6 per cent of the whites had this amount or less. Eighty-six per cent of the Negroes had under \$1000 income, as compared with 26 per cent for the whites. In the large north central cities the same picture holds true, although the differences are not so large as in the South. In trying to explain these marked differences in income, especially when the work is roughly similar, we must keep in mind the fact that as a whole the Negro has access only to the unskilled jobs requiring little training, and that many of the more lucrative positions are closed to him because of racial discrimination. The attempt to eliminate some of the discrimination against Negroes in war industries has been partly successful, and it is not unlikely that former wage differentials have been narrowed considerably. It remains to be seen how permanent these gains will be.

## CAUSES OF INEQUALITY OF INCOME

There should be some explanation for the great inequality in incomes which has been pictured in the preceding pages. It is not possible in a few pages to analyze the causes. It is intended here simply to list some of the factors which are responsible for this inequality.

One of the more important causes lies in the unequal distribution of wealth. The ownership of wealth or property usually gives rise to income from that property, and as the individual incomes rise we find that an increasing proportion of the income comes from property which yields an annual return. The lower income groups own little or no property and have to rely entirely on their current efforts for their incomes.

Differences in educational opportunity and training for vocations are in part responsible for some inequality in income. If equal educational opportunity were available to all more of the young people coming from the poorer families would be able to rise in the occupational and hence in the income scale. Of course, it must be remembered that individuals differ in their capacity to learn so that equal opportunity for education does not mean that all will be able to lift themselves from the lowest paying jobs. These individual differences lead to variations in productivity or usefulness and hence it must be expected that the least productive will on the whole, get the lowest incomes.

There are various monopolistic elements which lead to inequality of income. Where the employer has complete control over his laboring force he is able to pay abnormally low wages. Where strong labor unions exist they often secure for their members higher wages than would exist under individual competitive conditions or in the absence of collective bargaining. Sometimes the effect of union wage scales is to raise the wages of the unorganized workers but on other occasions the increase in union wages comes at the expense of the workers in the lower grades of skill thereby increasing the inequality.

Regions which are poor in natural resources are usually regions of low wages. When the scarcity of economic opportunity is accompanied by a surplus supply of labor which comes from large families or from technological displacement of workers

from other jobs, such as agriculture we find extremely low wage scales prevailing. This situation seems to explain in large measure the low wages and incomes of workers' families in the South. In other regions we find decaying industries, which result from the exhaustion of natural resources, from the drop in demand for the product, or from the movement of the industry to more advantageous locations. In the face of these changes we find an immobile labor force such as exists in the Pennsylvania coal fields which hangs on hoping for occasional work. Average incomes for such families are on the poverty level.

When workers are displaced by machines in periods of technological change many of the workers are able to find only jobs which are lower in the rank of skill and which pay less. This competition from the machine tends to reduce the value of labor and tends to prevent wages from rising above certain levels, thereby making inequality more pronounced and enduring because the savings made at labor's expense will go to other income recipients.

A fundamental factor in the size of the individual income is the size of the national income itself. The inequality in incomes might not be so objectionable if the lower groups had incomes approximating a decent level but with the national income at its present size, in order for the groups at the top to get as much as they do the groups at the bottom have to be content with little for themselves. In 1928 the highest 1 per cent of the income recipients received 19.26 per cent of the total income, leaving about 80 per cent for the remaining 99 per cent of the income recipients. Perhaps with a national income of 100 billion dollars such inequality could exist and the lower groups might still enjoy decent livelihoods.

In trying to explain how a few families are able to secure such a large share of the national income, we must go back to the historical development of the nation. Most of the current large fortunes owe their origin to some sort of monopolistic power that was held by the founder of the fortune. Some fortunes like that of the Astor family, arose from the fortuitous increase in land values. Some clever businessmen were able to seize control over poorly organized markets, and made fortunes from their superior competitive positions. Some of the largest fortunes

resulted from the monopolistic control over valuable natural resources, such as Rockefeller over oil and Mellon over aluminum. Others got rich by controlling important stages in the processing of these raw materials. The early railroad promoters and developers reaped a rich harvest often at the expense of the gullible investor. The promoters of holding companies and trusts in our large industries reaped millions from their 'inside' positions as did those who used their inside information in their stock market speculation. The rapid expansion of new industries such as agricultural machinery, electrical appliances, motion pictures, chemicals, and radio made it possible for those who got there first and who obtained monopoly positions by means of patents or financial manipulations to establish large fortunes which would lead to the receipt of large annual incomes by the inheritors. 'It may be confidently stated that were it not for past and present monopoly in one form or another the prevailing distribution of income would be considerably more equal.'<sup>1</sup>

### REDUCING ECONOMIC INEQUALITY

It would seem obvious that the most fruitful method of reducing economic inequality is by correcting the causes of inequality. It should be repeated again that perfect equality is neither possible nor desirable. There should be differences in income based on differences in contribution to production. But it would be desirable to eliminate all the unfair elements in the inequality of incomes by seeing that the earners of income get the full value of their contribution to production, while those who receive unearned incomes, such as the rent of land and surplus profits, might be taxed heavily, since this would not affect productive efficiency. Those who receive unearned incomes are taking that much away from those who get less than they are worth and this condition exists because of the existence of monopoly power. As a general proposition the elimination of monopolistic elements in production would do much to reduce economic inequality.

Since the unequal ownership of wealth is an important cause

<sup>1</sup> Temporary National Economic Committee *op cit* p. 1

of unequal income it has been proposed to remedy this particular condition by reducing concentrated wealth by means of heavier death and inheritance taxes and by steeply graduated income taxes which would prevent the accumulation of new fortunes in the future

Another suggested mode of attack is the indirect method of permitting inequality in the receipt of income but not such great inequality in the spending of income. By taxing the higher incomes at a high rate and making this sum available to the poor by means of free public services the main objective would be realized. It was estimated that in 1929 the average worker enjoyed a so called invisible income, which amounted to about 8 per cent of his income in the form of free government services, such as public education, public recreational centers, public health centers, and so on. With the recent expansion of government services it is not unlikely that this figure is 10 per cent or better.

The method of attack used by organized labor groups is to fight monopoly by monopoly. Unionization and collective bargaining have aided considerably in raising labor's share of the national income. Where the unions become too strong they may abuse their power and raise their own wages at the expense of others who do not have union protection. Reducing monopoly in general by stricter enforcement of the antitrust laws would be helpful in the equalization process.

In a fundamental sense where competition exists the wage or income depends upon the supply of the particular type of labor or factor of production the individual represents. By reducing the relative supply of the more plentiful factors, such as labor in general and unskilled labor in particular it might be possible to reshuffle the proportions of the national income going to the respective claimants. Much is being done in this connection by the restriction of immigration, the restriction of the size of families, the apprentice rules of unions, the school leaving age laws, minimum age laws for employment and so on. The effect of these is to reduce the supply of particular types of labor and if other factors remain constant the net effect should be an increase in income for these particular groups.

Better and equal educational opportunities would tend to

increase the competition for the better paid jobs and reduce the competition for the low paying jobs. By proper vocational guidance young workers could be warned against preparing in fields which are already overcrowded and could be trained in fields which promise the greatest opportunities for absorption and advancement.

There are various legislative means such as minimum wage and maximum hour laws and social security legislation, the effect of which may be to raise the incomes of the poorer economic groups. There are circumstances however, under which such acts may create more unemployment and thus may actually accentuate the inequality in income.

In concluding it may be emphasized that much can and should be done to reduce inequality by the removal of unfair advantages held by certain powerful groups and individuals. In addition to this more equitable distribution however we must seek to enlarge greatly the size of the national income so that all will have a larger piece to share. Perfect equality is not possible because of the great variations in productivity but it does not seem to be an unreasonable desire that regardless of its contribution to production, each family unit should receive enough to give it a minimum health and efficiency standard of living. Aside from the monetary equalization much could be accomplished by teaching the low income groups how to make the most effective use of their small incomes where this has been tried however the results do not seem to have been very encouraging.

### STANDARD OF LIVING

It is interesting and important for society to know not only how much income the individual families receive but also how this income is spent and what sort of standards of living the people are enjoying. The National Resources Committee made a detailed study of the budgets of some 60 000 American families for the year 1935-1936 and has given us much data and other information regarding the spending habits of representative American families.

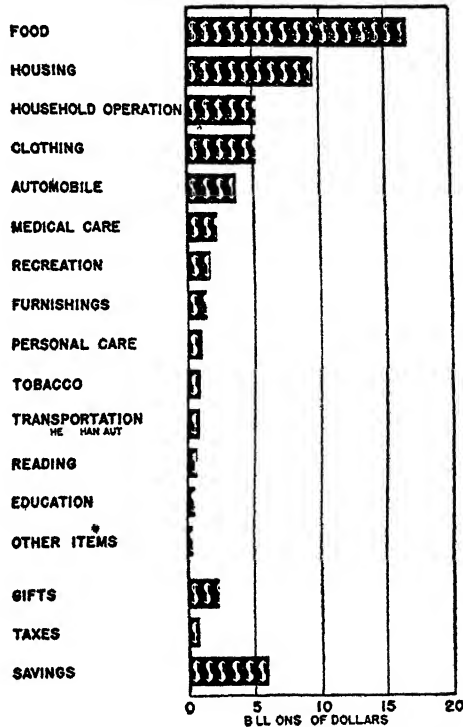
**The National Picture** Taking the nation as a whole we find that out of the total income of 59.3 billion dollars in 1935-1936,



50.2 billions or 85 per cent went for current consumption 2.2 billions or 4 per cent went for gifts and contributions 900 millions or  $1\frac{1}{2}$  per cent went for income and personal taxes and 6 billions or 10 per cent was saved. Of the 50.2 billion dollars spent for current consumption, 17 billions or 29 per cent of the total income went for food about 16 billions or 27 per cent went for housing and furnishing and operation 5.3 billions or 9 per cent went for clothing, 3.8 billions went for automobiles and the remainder went for other items which are shown in graphic form in Fig. 35.

**The Three-Thirds of the Nation** The income picture presented earlier in the chapter for the three thirds of the nation is broken down here in terms of the use to which these incomes were put. Table XXXIX shows the actual cash expenditure by thirds for each category of disbursement while

AGGREGATE DISBURSEMENTS  
OF AMERICAN CONSUMERS  
1935-36



Each dollar symbol represents \$1 billion of aggregate disbursement.  
NOTE—Taxes which are included are personal income tax, poll tax, and tax on property.

FIG. 35

From National Resources Committee *Consumer Expenditures in the United States* p. 4

Fig. 36 shows in pictorial form how each third shared in the total amount of money spent for the various items in the budget. The figures for the poorest third are especially revealing. Food takes \$236 over 50 per cent of their total income. But spending half the income for food does not provide an elegant table for a family of four at this level. \$4.50 a week for a family provides only the very minimum requirements in food. Very little milk

TABLE XXXIX<sup>1</sup>

AVERAGE DISBURSEMENTS OF CONSUMER UNITS IN EACH THIRD OF NATION  
1935-1936

Category of Disbursement	Average Disbursements of Families and Single Individuals n—			Percentage of Income		
	Lower Third Incomes Under \$780	Middle Th rd Incomes of \$780 to \$1450	Upper Th rd Incomes of \$1450 and Over	Lower Th rd	Middle Th rd	Upper Th rd
Current consumption						
Food	\$236	\$404	\$642	50.2	37.5	21.7
Housing	115	199	408	24.4	18.5	13.8
Household operation	54	108	240	11.4	10.0	8.1
Clothing	47	102	251	10.0	9.5	8.5
Automobile	16	57	215	3.3	5.3	7.2
Medical care	20	41	106	4.3	3.9	3.6
Recreation	9	28	89	1.8	2.6	3.0
Furnishings	9	28	72	1.8	2.6	2.4
Personal care	12	22	44	2.5	2.1	1.5
Tobacco	10	23	40	2.2	2.1	1.4
Transportation other than auto	11	19	37	2.4	1.7	1.3
Reading	6	12	23	1.3	1.2	.8
Education	2	7	30	.5	.6	1.0
Other items	3	6	15	.6	.5	.5
All consumption items	550	1056	2212	116.7	98.1	74.8
Gifts and personal taxes	13	39	181	2.8	3.7	6.1
Savings	-92	-19	566	-19.5	-1.8	19.1
All items	471	1076	2959	100.0	100.0	100.0

meat butter and other items of high vitamin content can be afforded. The result often is pellagra and stunted growth and deformed bodies for the youngsters. Even this small absolute expenditure for food was made possible only by the family going into debt, for taking the bottom third as a group the annual expenditure of \$550 for all consumption items was \$92 more than the average income. This deficit was made up from past savings, from borrowing from friends and relatives, and from credit at local stores.

Even the middle third failed on the average by \$19 to cover all

<sup>1</sup> National Resources Committee. *Consumer Expenditures in the United States*, p. 40.

expenses including taxes. Of course most of the families not only paid all their bills for current consumption but were able to save a little besides, but not enough to offset the deficits of the other families. As a group this third did much better than the

SHARE OF EACH THIRD OF NATION'S CONSUMER UNITS  
IN AGGREGATE EXPENDITURES FOR CURRENT CONSUMPTION

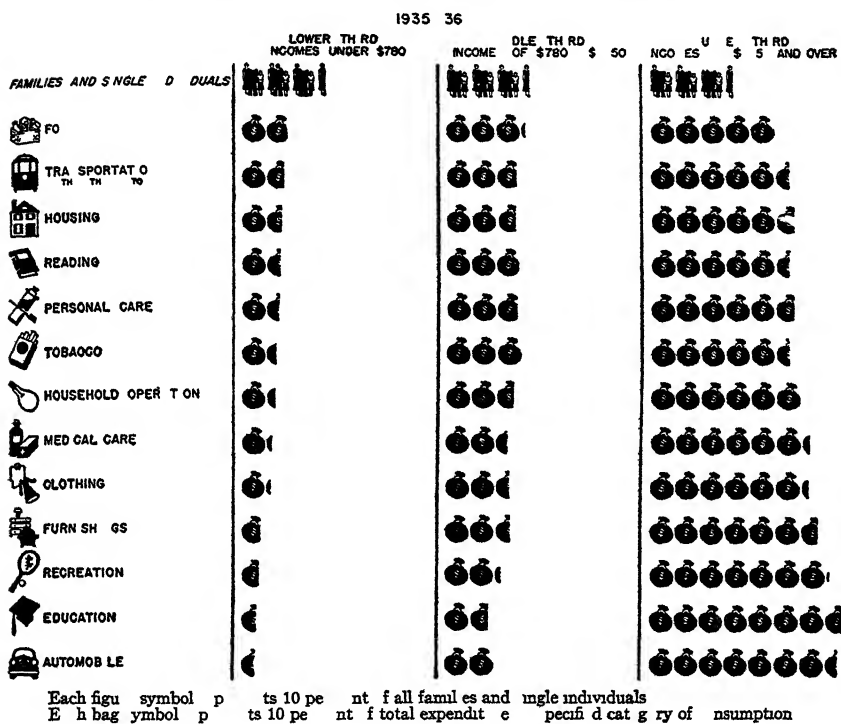


FIG. 36

From National Resources Committee *Consumer Expenditures in the United States* p. 9

bottom third. This 33½ per cent of the consumer units spent 28 per cent of the total income as compared to 14 per cent for the bottom third yet this did not permit the middle group to share proportionately in total consumer expenditures.

The great differentials in consumption are found again in the top third, or the top fifth, if we examine the data closer of the consuming units. Figure 36 shows how generously they shared in the expenditures for all consumer goods and services. This group spent 29 billion dollars, 58 per cent of the total expendi-

tures or four times as much as the bottom group. But this large expenditure accounted for only three fourths of the income of this group, the other fourth going into savings which amounted to 10 billion dollars. The top tenth saved 6.3 billion dollars or more than the entire nation. About three billion dollars of the top third was required to offset the deficits for the bottom two thirds.

**The Laws of Consumption** The various scholars and students who have studied consumer budgets and expenditures have tried to make valid generalizations or to lay down so called laws of consumption which would apply to consumers generally. One of the earliest of the students to name laws of consumption was Ernst Engel. Engel declared that as the income of the family rose the percentage spent on food declined although it rose in total number of dollars, the clothing expenditure remained about the same the proportion spent on rent, fuel and light remained invariably the same and the proportion spent on miscellaneous items rose.

In the light of subsequent budget studies and Fig. 37, several of Engel's laws were found to be valid while several had to be modified. The statement that the proportion spent on food falls as income rises is definitely correct as is the statement that the proportion spent on miscellaneous items such as education, health, and recreation, rises with increases in income. Clothing expenditures, however, show a definite rise with income. Housing expenditures, while not invariably the same, show a mixed trend. There is a percentage drop from the lowest incomes to about the \$3000 income level, after which there is a slight rise. Engel, writing in the second half of the nineteenth century, could not foresee the rise of the automobile, but there seems to be a definite trend upward in automobile expenditures as income rises. For incomes over \$2500 automobiles account for over 10 per cent of total expenditures.

**The Levels of Living** A picture of the incomes and expenditures of American consumer units has been presented to the student. In terms of actual levels of living on what levels have Americans been living? What sort of 'standard' has prevailed? These questions have been asked many times by serious students.

minimum wage laws, have made extensive studies of the actual living habits of our poorer families and they have set up ideal budgets which it was felt, the ordinary American family should be able to afford to enjoy a respectable livelihood

PERCENTAGE USE OF INCOME BY AMERICAN FAMILIES  
AT DIFFERENT INCOME LEVELS  
1935-36

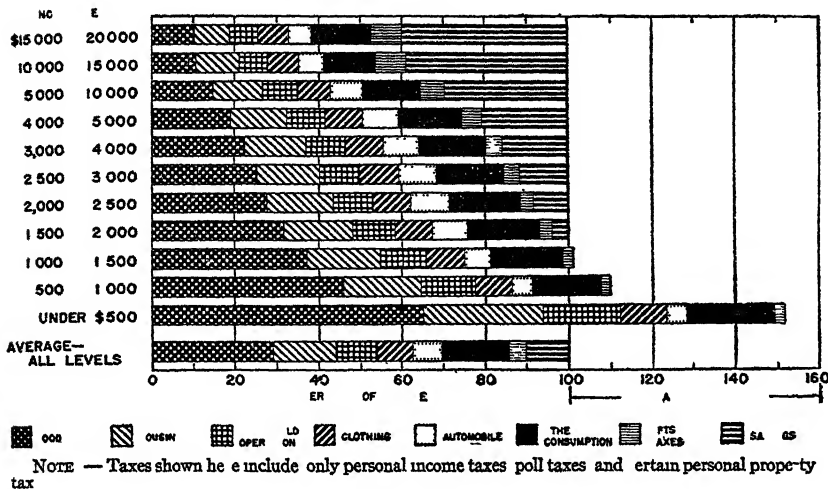


FIG. 37

From National Resources Committee *Consumer Expenditures in the United States* p. 21

Numerous classifications have been made of the various levels of living. Nystrom described ten different levels, but there seems to be some agreement today that four major classifications are sufficient to present a valid picture of American life. Those at the very bottom who get public aid are for the most part excluded, while the highest income groups, say those receiving \$5000 or over, are omitted because they do not present a problem in consumption. The four definitive levels are (1) poverty, (2) minimum of subsistence, (3) minimum health and decency, and (4) comfort.

On the poverty level, the most careful expenditure of the family income will not make provision for the physical welfare of the family. There is no provision for replacing worn-out household equipment or for the maintenance of health. Any emergency, no matter how small, makes it necessary to appeal

to charity for aid, or, if the family is too proud to take charity, compels the borrowing of funds from friends, relatives or personal loan companies. At this level, where we find several million American families, there is a never ending struggle to keep body and soul together without the assumption of a staggering debt.

At the minimum of subsistence level the income is large enough to maintain physical well being but there is no provision for social necessities or major emergencies. Under ordinary conditions the family can keep itself above water.

Occasional makeshifts, extreme prudence in the selection of goods and careful economy in their use are the characteristics most essential for the preservation of this level and the avoidance of economic disaster. It is the plane at which one gets along somehow by managing to procure the barest essentials requisite for minimum physical and economic efficiency.<sup>1</sup>

The level which permits a livelihood according to American standards is the minimum health and decency level. It makes provision not only for the physical welfare of the family but for its elemental social needs as well. The family clothing is respectable and in style. Small savings for emergency use are possible, as are recreation and social activities on a very modest scale. This level may be called the plane of 'moderate well being.'

The comfort level, the desire of most American families is enjoyed by relatively few families. At this level the "extras" amount to 25 per cent or more of total income. Food, clothing and shelter are adequate and varied, while recreation, education, and travel are relatively modest. But even at this level lavish consumption leads to economic disaster, because the family purse is soon exhausted unless care is exercised in spending. The highest paid wage earners and the majority of the members of the professional class enjoy this level of living. The income classification runs roughly from \$2500 to \$4000, a range which is beyond more than nine tenths of American families.

Comish<sup>2</sup> estimated that 16.7 per cent of all American families were living on a pauper level, while 34.8 per cent were on the minimum of subsistence level. Thus over 50 per cent were living at a level below what is considered an acceptable standard. The health and decency standard, an acceptable American standard,

<sup>1</sup> Wyand *Economics of Consumption* p. 458

N. H. Comish *The Standard of Living* quoted in Wyand *op cit* p. 459

was enjoyed by 44.6 per cent of the families while only 3.8 per cent enjoyed the utilities of the comfort level. In contrast to Comish Lewis Corey maintained that in the prosperous years 1925-1929 at least 85,000,000 persons were living on or below subsistence levels even during the golden age of American Capitalism.<sup>1</sup>

The disagreement shown above stems from the fact that there is little agreement as to the exact nature of the various levels of living. A factory owner to justify a low wage scale in his plant might advance a decent budget for \$1000 a year featuring perhaps hog and hominy. Social workers, dietitians, and home economists maintain that higher incomes are necessary for a decent living. The Bureau of Labor Statistics estimated that it would require \$2632.68 to maintain a health and decency standard in New York City in 1920 while R. G. Tugwell declared that \$2160.84 would provide a minimum health and decency living in the same city in 1929.

Professor Paul H. Nystrom made estimates of the incomes that would be required to support the different sized consumer units

TABLE XL<sup>2</sup>

APPROXIMATE EXPENDITURES REQUIRED TO SUPPORT VARIOUS AMERICAN  
STANDARDS OF LIVING UNDER URBAN CONDITIONS

<i>Costs and Dollar Values as of 1929</i>					
<i>Standard of Living</i>	<i>Individuals</i>	<i>Man and Wife</i>	<i>Man, Wife and One Child</i>	<i>Man, Wife and Two Children</i>	<i>Man, Wife and Three Children</i>
Bare subsistence	\$600	\$900	\$1200	\$1 500	\$1 800
Minimum for health and efficiency	800	1200	1500	1 800	2 100
Minimum comfort	1000	1500	1800	2 100	2 400
Comfort	1200	1800	2200	2 600	3 000
Moderately well to do	1800	2700	3200	3 700	4 200
Well to do	3000	4500	5500	6 500	7 500
Liberal	5000	7500	8700	10 000	12 000

<sup>1</sup> Quoted in C. S. Wyand *op cit* p. 459.

<sup>2</sup> P. H. Nystrom, *The Economic Principles of Consumption*, Ronald Press, N. Y. 1929, p. 302.

at the various standards of living Table XL on page 549 shows Nystrom's estimates

Although these figures are approximations they appear to be fairly satisfactory Comparing these figures with the income figures presented earlier it is seen that most American families come under the first two groups Two thirds of the American families had less than \$1500 a year income in 1935-1936 while 27 per cent of the families had two members 45 per cent had three or four members 19 per cent had five or six members and 9 per cent had seven or more By following the \$1800 income figure across Table XL we can see how the standard of living drops as the family size increases An income of \$1800 would have kept a single person in moderately well to do circumstances while providing only a bare subsistence for a family of five

**The Family Budget** In presenting a family budget it should be kept in mind that there is no general agreement as to the exact nature of the budget requirements or the exact amount that each item should represent of the total outlay Furthermore there is an assumption that the income will be spent in accordance with the established budget — a very strong assumption to say the least It is the ones who have the lowest incomes who know least about budgets and who conform least to the established pattern for expenditures

A close examination of a budget such as is presented in Table XLI covering subsistence requirements for the average American family, reveals no provision for extravagance in living Some may consider the provision for alcoholic beverages and tobacco as unnecessary in the sense that they can be done without, but to most users of these items they are just as essential as food They are called conventional necessities, and an attempt will be made to skimp on something else rather than to eliminate the alcoholic beverages and tobacco

It might seem that this modest budget could be afforded by a majority of Americans yet in 1929 less than 58 per cent of the population was financially in a position to maintain even Lough's conservative standard Out of every 100 working class families studied by the Lynds<sup>1</sup> in 1924, 74 were earning less than enough

<sup>1</sup> Robert S. and Helen M. Lynd *Middletown: A Study in American Culture* Harcourt Brace and Company Inc. New York 1928



to support a typical standard of living. In terms of the 1935-1936 income figures with incomes and prices below the 1929 figures it is seen that a majority of American families are living at levels that do not even closely approximate the most conservative 'standards' that have been set up by interested students.

TABLE XLI<sup>1</sup>

A COMPOSITE ANNUAL BUDGET REQUIREMENT FOR SUBSISTENCE OF THE  
AVERAGE AMERICAN FAMILY

<i>Classes of Takings</i>	<i>Budget in Current Dollars</i>	
	<i>1929</i>	<i>1931</i>
Food and soft drinks	\$ 577	\$ 435
Alcoholic beverages	29	25
Tobacco	26	25
Clothing	213	173
Women's	127	104
Men's	86	69
Transportation	76	68
Vehicle upkeep	48	37
Local fares	28	31
Housing maintenance (Housing furnishings supplies fuel light and maid)	378	346
Sickness and death	68	62
Personal appearance	17	15
Recreation	22	19
Social cultural activities	38	33
Withholdings (taxes and savings)	118	75
Total	\$1567	\$1276

**Conclusion** The factual material cited in this chapter does not come from people who are trying to overthrow our democratic system or our capitalistic economy but comes from students who are trying to learn exactly how Americans live. They have used the best available methods to find out how large the national income is and how it is divided and eventually spent. No one claims that our statistics are infallible yet the more refined our methods become the more they substantiate earlier estimates of income distribution and expenditure. If anything they show the conservative nature of earlier estimates on inequality in income.

<sup>1</sup> William H. Lough, *High Level Consumption*, McGraw Hill Book Company, Inc. New York, 1935, p. 92.

Brief mention was made of the causes of inequality of income and some suggestions for the reduction of inequality of income were listed. While much can be done to improve the lot of the families at the lower end of the economic scale, it was pointed out that perfect equality was neither desirable nor possible. The greatest hope for the future lies partly in better distribution but mostly in the increase of national income. While it is true that during the depression years our production has suffered in part because our economy is beginning to feel the decline in the rate of growth of the population, it is not true that there is no room for further expansion in production. The facts show definitely that there is ample room for a tremendous increase in the production of consumer goods. There is certainly no lack of anxious consumers. The big problem is first to increase the national income and then see to it that most of the increase goes to those who need it most, rather than to those who need it least.

It is hoped that this improvement in our situation can be attained without destroying the foundations of our present economic and political system. Those who have tried to achieve more equality by establishing new political and economic systems do not seem to have been successful in their attempts. It is a challenge of the first order to our system to improve the lot of the average American without depriving any of our citizens of those liberties, rights, and privileges that have been the birth right of Americans.

#### TERMS TO BE UNDERSTOOD

standard of living	imputed rental value
plane or level of living	functional distribution of income
national income	laws of consumption
family income	consumer unit
median income	conventional necessities
mean income	poverty
invisible income	minimum health and decency
	comfort

#### QUESTIONS FOR DISCUSSION

- 1 If you had an annual income of \$2000 would rural or urban residence give you the most for your money? Why?

- 2 Would you object to equal incomes for all families? What factors would make perfect equality impossible? Undesirable?
- 3 What methods are in use today to reduce economic inequality?
- 4 Examine closely the budget given in Table XLI Do you think your family approximates the figures given here? Do any items seem to be too large? What other items do you think should be included?
- 5 What effect might the defense program have on national income family income and economic inequality?
- 6 As a lawmaker how would you reduce inequality in the enjoyment of income?
- 7 What are some of the advantages and services people get in cities for which they do not have to pay directly out of their incomes? How do these advantages compare with those in the country?
- 8 Make an annual budget for your family showing the amount and sources of your family income and the nature and amount of the classes of expenditures In what level would you classify your family? How has your family budget been altered during the depression?

#### FOR FURTHER STUDY

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## CHAPTER 20

### ECONOMIC INSECURITY AND PUBLIC RESPONSIBILITY

One of the most lamentable and challenging developments in American life has been the growth of economic insecurity. Reasonable material security is a basic essential of life. Under present day conditions this fundamental demand is not to be had through private efforts alone as was true in our earlier preindustrial agrarian economy. Despite a tremendous development in our national productive capacity and in organized private efforts to enable individuals to make provision for the hazards of life, an increasing amount of economic insecurity has characterized the lives of American wage earners and their families. When private efforts fail to meet a primary requirement in society, public responsibility must be assumed.

Notwithstanding the devotion of the American people to the philosophy of individual enterprise and laissez faire, the need for governmental activity directed to the establishment and maintenance of more and greater safeguards against the hazards of life has been increasingly recognized. This assumption of greater public responsibility for the security of individuals and groups came to be regarded as imperative if the general welfare was to be conserved. By the advent of the third decade of the twentieth century the volume of social legislation, that is, laws enacted to safeguard those suffering from or threatened by economic or social handicaps, was enormous. Examples of such legislation are regulations of employment of children and women, of housing, of industrial hygiene and sanitation, of labor conditions, working hours, wages, machinery for the settlement of labor disputes, and of provisions for safety in factories, mines, navigation, and land transportation. In the 1930's it became apparent that social legislation must be extended beyond supplying protection for various groups confronted by special dangers to the

provision of material assistance to millions of Americans who faced immediate or ultimate destitution

The extension of public responsibility to include financial aid to such great numbers of our citizens was in our individualistic society a step of phenomenal significance. Governmental programs for effecting this new public obligation divide themselves fundamentally into provisions for meeting ordinary exigencies and for coping with emergency situations. The attempt of the American people to meet a crisis through governmental action centers in the relief and public works programs begun in the early 1930's. Not only must the government meet the demands of extraordinary circumstances, however, but in the interest of a well ordered society some provision must be made to prevent as far as possible the recurrence of such emergencies. Efforts to achieve this objective stem chiefly from the Social Security Act of 1935.

**Means of Relief in the Past** In modern society there have always been indigent individuals and families who required material aid from others. This assistance, which is now termed relief, was never as much a matter of public concern in the United States as it came to be with the depression of the 1930's. Throughout our national history charity has been the dominant method by which the needs of the destitute were met. Charity has always been in America primarily a responsibility of family, church, and local community. Some relief has been provided by private institutions of various sorts. But despite all private efforts it has been necessary from colonial times for local governments to extend aid to those unable to support themselves. Only a rather negligible number of our people in the past required public assistance. Suddenly in the early 1930's a totally unprecedented need for public relief arose. Millions of Americans through no fault of their own faced destitution. In this exigency traditional methods of providing relief soon proved inadequate.

The paramount problem of the American people during the last decade has been that of providing relief for millions whom private industry could not employ. The fact of widespread poverty owing to inability to find work became a matter of national concern. The terrific economic storm which furiously lashed our country in the years following 1929 confronted the

nation with a totally unprecedented situation of the gravest character. The tragic story is familiar to all: agriculture prostrate, factories shut down, banks closed, millions unable to find employment, riots imminent, fear and misery stalking the land. As the devastations of the business depression became more pronounced, action to meet the emergency became increasingly imperative.

**Governmental Aid Invoked** In 1931 frantic efforts were made to persuade local governments to establish relief agencies. President Hoover was urged to call a special session of Congress. This he refused to do, for he had on the one hand an unbounded confidence that the operation of economic law would effect the restoration of normal conditions, and on the other a strong aversion to the national government's interference in what he regarded as a problem to be met by methods characteristic of rugged individualism.<sup>1</sup> His conviction was that relief was a matter for private charity or, if necessary, for local governmental action. But soon the problem of providing relief for millions proved to be too much not only for local communities to cope with but for the states as well.

Repeated efforts to move the Federal administration to action failed. Finally on July 1, 1932, Congress succeeded in passing the Emergency Relief and Reconstruction Act. This legislation appropriated \$500,000,000 for the states of our Union (part outright grant and part to be matched) and over \$300,000,000 for federal projects. This act also created the Reconstruction Finance Corporation (RFC). The purpose of this agency was to stimulate economic activity through its purchase of securities from banks, insurance companies, and railroads, or by making loans to these corporations. But the millions of dollars the RFC expended did not make jobs. Unemployment continued to mount, and the need for relief increased commensurately.

**Public Works and Governmental Relief** The term public works refers to all construction — public buildings, roads, bridges, streets, water plants, sanitation and recreational facilities, and so on — undertaken by any governmental jurisdiction or

<sup>1</sup> Herbert Hoover, *American Individualism*, Doubleday, Doran and Company, Inc., New York, 1922. See also his *The Challenge of Liberty*, Charles Scribner's Sons, New York, 1934.

agency and financed out of public funds. Public works are of vastly greater importance in government and in our national economy generally than is commonly realized. In the late 1920's between 25 and 30 per cent of all governmental expenditures in the United States were for public works. In 1938 for example 30 per cent of all the capital accumulated in that year was invested in public works. Today government construction constitutes one of the five major fields of investments. How closely relief and public works are interrelated is seen when it is perceived that in times when normal means of care for the indigent are inadequate the government can only turn to a program of public works if the public is to get any return on its expenditures since under our economic system it would be impossible to use relief labor to produce commodities which would compete with private enterprise.

The idea of providing public works as a means of economic recovery was not originated by the New Deal. The cyclical fluctuations of business that is the alternation of booms and depressions in our economic life, have long challenged serious thinkers. Economists and political scientists have for decades considered the possibility of using public works as a balance wheel to counteract the cyclical oscillations of business activity. The central consideration has been the possibility of diminishing the volume of public works in periods of prosperity and of increasing it in times of depression. The hope has been that the employment of these dual procedures could effect some diminution of the violent swings of the business cycle. The coordination of public works and business conditions was actually attempted in 1931 when Congress created the Federal Employment Stabilization Board. The law which established this agency was the first federal statute to apply the principle of planned public works.

One of the significant results of our experience in the severe depression of the 1930's is a vastly increased appreciation of the role public works must play in periods of pronounced unemployment. Today there is a strong consensus that the government should prepare a shelf of public works to be used in case of need. This is insurance against the possible ravages of wide spread unemployment and distress such as we have experienced.

before <sup>1</sup> Furthermore, our experience in the first half of the 1930 s has emphasized the necessity of having comprehensive and detailed plans of public works drawn up before the advent of extensive unemployment One of the most important lessons to emerge from our experience with the depression programs of public works and work relief was the importance of advance surveys, investigations, and plans to the effectiveness of any works program to be used for employment stabilization It was found that without the existence of detailed plans for projects, the time lag between authorization of a works program and its actual operation was so great as seriously to impair its effectiveness <sup>2</sup>

**Extension of Federal Relief and Public Works** The New Deal Administration, which began on March 4, 1933 came to grips immediately with the tremendously difficult problem of alleviating the dire conditions produced by the business depression Under the vigorous leadership of President Franklin D Roosevelt, and with huge appropriations by Congress, a vast program of relief and public works was early begun and constantly maintained To promote recovery two basic programs were launched aid to farmers under an Agricultural Adjustment Act, and stimulation of industrial activity and employment of labor through a National Industrial Recovery Act which was avowedly of a temporary and experimental character One section of this Industrial Recovery enactment provided for the construction of public works for which \$3 000 000 000 was appropriated <sup>3</sup> The Administration was determined to relieve the distress of the unemployed, and since it was opposed to a dole under which money is given directly to the destitute it turned to public works as an important feature of its recovery program

Before examining the various New Deal agencies through

<sup>1</sup> National Resources Planning Board *Demobilization and Readjustment* United States Government Printing Office Washington D C June 1943 p 6

<sup>2</sup> National Resources Planning Board *National Resources Development Report for 1943* Part II United States Government Printing Office Washington D C p 36

<sup>3</sup> It is difficult to imagine how huge a sum of money one billion dollars is To aid in realizing the colossal appropriations for relief and public works under the New Deal Administration the following is offered If \$1 000 000 000 were in dollar bills and were pasted end on end to form a ribbon it would stretch out over 94 500 miles — over three and a half times around the earth at the equator



which relief and public works were attempted, the basic aims of the Administration and the tremendous difficulties which it encountered in its efforts to effect recovery should be realized. The central objectives were to sustain the workers until they could secure private employment and to prime the pump of business. The task of the Federal government was to get relief to the largest possible number of jobless workers as quickly as possible.<sup>1</sup> The difficulties which the Administration faced in providing relief and undertaking public works can scarcely be exaggerated. It was pioneering throughout and in a field fairly bristling with a multitude of political, economic and social hurdles. There were no organizations, no precedents, no plans, and no experienced administrative officials that the Administration could turn to at the outset of the relief and recovery programs. And in addition there was still some resistance from limited sections of public opinion.

**The CCC** The pioneer relief agency of the New Deal, the Civilian Conservation Corps (CCC), was created in less than a month after President Roosevelt's inauguration. Hundreds of camps were established under the supervision of army officers and trained foresters. In the CCC young unemployed men between the ages of eighteen and twenty five received thirty dollars a month (twenty two of which they were required to send to their parents) besides food, clothing and lodging. In the first three years more than a million and a half young men had received assistance and training through this agency. These peacetime warriors engaged in a large variety of useful projects: fighting insect pests, preventing soil erosion, erecting flood controls, and working in the forests — cleaning, planting, cutting firebreaks and laying out trails. From its inception the CCC has been an outstanding success.

**The FERA** The Federal Emergency Relief Administration (FERA) was created by the Federal Emergency Relief Act in May of 1933. Congress launched this agency with an appropria-

<sup>1</sup> All figures on the number of the unemployed in the 1930's are merely estimates. At the depth of the depression there were, it is estimated, from 12,000,000 to 15,000,000 unemployed workers in the United States. There was, however, an official government Census of Unemployment in 1937 based upon voluntary registration, and the 1940 Census of Population will perhaps give us the most accurate figures on unemployment during the early part of that year.

tion of \$500,000,000 FERA attempted to help the states provide relief At first the states were required to match the federal funds, but when they were unable to meet this requirement the service went on with merely such state contributions as could be effected The Federal government exerted itself to raise the relief standards of the states In this it was successful for whereas the average monthly family allowance in 1933 was fifteen dollars (in some states as low as five dollars), in 1935 it was thirty five dollars A wide variety of work relief that is opportunities to labor on government projects to obtain a livelihood was attempted Although it was not intended primarily to be a work agency in any large sense, the FERA did undertake odds and ends of public work some of which was uneconomical — leaf raking and boondoggling for example For those who could not be employed direct relief was granted that is, food clothing fuel and other necessities were given directly In 1935 the FERA was liquidated The Federal Surplus Commodities Corporation (FSCC) cooperated with the FERA in distributing surplus foods and other agricultural products accumulated by the Federal government to families on relief The FSCC using funds assigned to it under the Agricultural Adjustment Administration (AAA) distributed to the indigent large quantities of cereals meat fruits dairy and cotton textile products This procedure helped the farmers too since it reduced their surpluses

**The PWA** The Public Works Administration (PWA) established in 1933 was designed to accomplish a triple purpose to create employment stimulate the building and allied industries and build useful and durable projects to serve the American people Its function was to finance and supervise It allotted huge sums to various federal departments and agencies Hundreds of millions of dollars went to state and local governments — some granted outright some lent No direct relief was attempted by the PWA It awarded contracts for the construction of projects to private individuals or corporations Tremendous difficulties were encountered The construction of public works presented a host of baffling problems of what, of when, of where of how, of finance, of legality of practicality of planning of labor, and of administration — to suggest a few of the most outstanding The PWA was unable to provide quickly

the millions of jobs expected of it. The FERA (see above) and the CWA (see below) had to assume responsibility and give direct relief or provide work relief outside the private contract system.

After many months the PWA did get under way and has been one of the major agencies in the recovery program. Up to March 1, 1939, the Federal government had allotted the PWA over \$6,000,000,000 for 34,508 projects.<sup>1</sup> The projects represent a huge addition to the nation's wealth. Through the PWA employment to millions directly and indirectly has been afforded and the nation now has a multitude of useful projects completed: public buildings — city halls, courthouses, post offices, school houses, swimming pools, sanitation and filtration plants, sewage disposal systems, flood controls, and transportation facilities — roads, bridges, streets, airports, and docks. The nation has had its face lifted. Furthermore, few of the undertakings [of the PWA] were marred by politics and graft, and the positive achievements proved impressive.<sup>2</sup>

**The CWA** The Civil Works Administration (CWA), an adjunct of the FERA, in operation from November, 1933, to March, 1934, was formed to meet the exigencies developed by the slowness of the PWA in providing jobs. About 4,000,000 indigent workers who were unable to find employment were shifted to the CWA. When this agency proved ineffective it was merged into the FERA. Prominent factors in the failure of the CWA to function successfully were the high costs and the administrative difficulty of providing useful projects on a large scale.

**The WPA** In the spring of 1934 the Works Progress Administration (WPA) was instituted. This agency began to operate in the very heart of the depression when about one seventh of the population of the United States was wholly or in part dependent upon public funds. Since the PWA, for the reasons cited above, was unable to launch its projects rapidly enough to afford large scale employment, the WPA was created to get idle citizens to work more swiftly. Unlike the FERA it gave no direct aid, and

<sup>1</sup> The whole story and record of the PWA is found in *America Builds* by the Public Works Administration, published by the U. S. Government Printing Office, Washington, D. C. 1939.

<sup>2</sup> Arthur M. Schlesinger, *The New Deal in Action 1933-1939*, The Macmillan Company, New York, 1940, p. 12.

unlike the PWA which operated through private contractors or local governments, the WPA hired the workers directly

The WPA undertook a wide variety of projects During the first four years of its operation this agency expended over \$6 657 000,000 of which \$6 373 000 000 went to work projects To spread the funds as widely as possible it had to avoid projects which required a heavy expenditure on materials Most of its funds went to the payment of wages whereas a much larger share of the funds of PWA were used for the purchase of materials and equipment The WPA during its first four years paid out 88 per cent of all its funds in wages

The WPA accomplished much In its first two years it provided more than 80 per cent of the jobs made available by all agencies involved in the relief and public works program of the Federal government With remarkable dispatch the WPA provided employment for millions Its activities cover a wide field indeed In its first four and a half years of operation in the field of public works alone the following was accomplished public buildings — over 23,000 erected over 62,000 renovated and almost 3000 additions built roads — over 457 000 miles newly built or improved<sup>1</sup> also many thousands of miles of curbs gutters sidewalks, paths and roadside drainage ditches built or improved bridges — almost 56,000 built over 37,000 improved, and tens of thousands of culverts airports — 534 built or improved recreational facilities — about 38 000 built or improved dams — almost 28 000 built, others improved public grounds — a multitude improved<sup>1</sup> All this affords a vast gain in public assets and adds millions of dollars to the value of privately owned real estate Besides public works activities the WPA provided health facilities conducted extensive educational work (over 100 000 classes a month) operated civic art centers supported musical organizations, fostered projects for writers and research workers and maintained projects for women such as sewing canning, and household training<sup>2</sup>

<sup>1</sup> All quotations and data here are from a pamphlet *Public Health and WPA* by the Works Progress Administration U S Government Printing Office Washington D C 1940

In 1939 the Works Progress Administration was changed to Works Projects Administration Also in 1939 there occurred a reorganization of the welfare functions of the Federal government one part of which was the creation of a Federal

**The NYA** In June of 1935 the National Youth Administration was established with an initial allotment of \$40,000,000. The NYA provided many projects for out of school youth (sixteen to twenty four years of age). This agency aided high school, undergraduate, and graduate students who were attending school. Through it, hundreds of thousands of highly deserving students have been enabled to continue their education. The wide variety and the great helpfulness of the services of the NYA students are familiar to all student bodies and faculties. As evidence that the service of this agency is considered significant is the fact that in 1940 Congress increased the appropriations for NYA above those of 1939.

**Criticism of Federal Relief** Such unprecedented procedures as characterized the provision of relief by the Federal government since 1933 stirred an enormous amount of discussion — some laudatory, much derogatory, some in a disinterested manner, much in a partisan spirit, some reasonable, much unreasonable. One's appraisal of the relief and public works program will depend fundamentally upon one's personal experiences with it, his ability to be objective, and his philosophy of government and of economic life.<sup>1</sup> While even a brief summary of the vast volume of criticism of the federal program for relief of the destitute and the promotion of economic recovery is impossible here, a few salient aspects may cursorily be evaluated as follows:

Mistakes were made. It would be surprising if it were otherwise! The program was a colossal pioneer effort to afford relief during a business depression of unparalleled severity. No previous Administration ever confronted a condition of comparable gravity or perplexity in this field. Much of its inefficiency may be attributed to the fact that it had to be improvised. Many steps had to be retraced because the program was not planned far in advance nor were financial surpluses accumulated to undertake it.

**Works Agency** which includes among its several subdivisions the Public Works Administration, the Works Projects Administration, and the United States Housing Authority.

<sup>1</sup> A wealth of criticism on every phase of the relief and recovery program of the National government is to be had in the scores of articles which appeared in our newspapers and periodicals during the 1930's.

The procedures adopted constituted a marked deviation from the traditional adherence to *laissez faire*. But had not the dire need of millions of our citizens been met our economic system would probably have been subjected to more disorderly or even revolutionary changes.

Federal responsibility for the relief of the destitute millions was imperative. The nation was faced with a condition not a theory. The Federal government did not assume responsibility until all other agencies, private and public, had obviously failed to cope with the problems. If private industry cannot employ workers the public must act or they will starve.

Colossal sums of money were spent in promoting the program. By June 30, 1939, almost \$22,000,000,000 had been expended and over \$15,000,000,000 were lent by the Federal government. But in the first four years of the 1930's over \$200,000,000,000 were lost in national income through the failure of private enterprise to maintain normal economic conditions.

The program has tremendously increased the national debt. But less has been spent to keep millions of American citizens from starvation during a decade than the nation readily invested in the destruction of war in 1917-1918. Relief and public works have unbalanced the federal budget. It could have been kept in balance only by a tremendous increase in taxation, a drastic reduction of expenditures, or by adopting both of these procedures simultaneously. Actually it was impossible either to impose much heavier taxes or markedly to curtail governmental appropriations.

Did the Federal government adopt the best form of relief? Cash relief would have cost less than work relief. However, these facts must be considered. Much indirect employment was created by the public works program. Skill and morale were conserved. The nation obtained a multitude of useful projects, which are genuine additions to its wealth.

Was there not much 'politics'? The charge would inevitably be made. How much really existed cannot be determined definitely. The most frequent charge was that of intimidation. The countercharge has been made that industrial corporations had practiced intimidation of their employees via memoranda in pre-election pay envelopes for years before the advent of the

1930s At any rate there certainly was no major scandal to blacken the record

Did the program achieve its two main objectives which were to provide relief and promote recovery? The needs of the destitute were met Starvation was prevented and public order and confidence in our form of government and our society was maintained Regarding the effectiveness of the Administration in producing recovery there are wide differences of opinion However one of the most eminent scholars in the United States declares There is no doubt that the enormous expenditures of the Federal government for public works and buildings, for armaments and for relief projects have been extensively responsible for such recovery as the country has enjoyed since the crash of 1929<sup>1</sup>

**Relief Responsibilities of the States** The prominence of the Federal government in the field of relief often eclipses the fact that the states of our Union have also confronted the perplexities of providing for large scale destitution Indeed the states were wrestling with the problems of relief before the national government began to play a role in the alleviation of mass unemployment and destitution When local governments were unable to cope with the demands of hosts of indigents for public aid the states began to assume responsibility Since the early 1930s they have continued to struggle to afford such aid In 1935 the national Administration announced that the burden of supporting the 'unemployables' must be carried by the states and local governments, and that it would be responsible only for the destitute 'employables' The magnitude of the relief problem has varied in the states The more densely populated and the more highly industrialized commonwealths were confronted with a much more onerous task in providing relief than were the more sparsely populated and predominantly agricultural states However the differences in wealth as between these two types of states considerably offset the differential in the numbers who required public aid The standards of relief vary widely among our states The degree of willingness to assume responsibility as well as differences in financial resources account for the variations

<sup>1</sup> Charles A. Beard *American Government and Politics* 8th ed. The Macmillan Company New York 1938 p. 318

The administration of relief has been a problem of the first magnitude for our states. The administrative machinery for effecting the relief program is created by the respective legislatures. As one should expect, the organization and procedures of administration vary among the states. Today a vast majority of our commonwealths, through various means and in differing degrees, divide the financial burdens of relief maintenance with their respective local governments. A few states shift to their local jurisdictions either the entire or major responsibility for the support of relief; in a few, the local governments are relieved entirely or almost entirely of this obligation. The form of relief also varies among the states. Twelve states afford cash entirely or largely; twenty one contribute both cash and relief in kind; that is, direct distributions of food, clothing, and so on; and fifteen utilize a system of aid in kind, largely or entirely.

Many different arrangements have been adopted by our states for the fixing of responsibility for the details of relief administration. But as to the general plan of administrative control of relief activities, three types are distinguishable. In about ten of our commonwealths, the state government assumes all or at least a major portion of the task of directing relief work. At the other extreme, a similar number place the management very largely or entirely in the control of local governments. In the other states, administrative responsibilities are shared more or less equally by the commonwealth and by its local jurisdictions, usually under an arrangement whereby the day to day activities are directed by local governments which are constantly under general state supervision.

**Attitudes toward Economic Insecurity** The period since the onset of the depression in the 1930's is characterized by the presence of an extraordinary amount of economic insecurity. The relief activities, which have been under consideration, were born and pursued in an effort to meet emergency conditions. Incomparably more important for the welfare of this nation, however, than meeting through a relief program an immediate crisis produced by the presence of abnormal insecurities, is the establishment of a comprehensive plan for coping with the customary hazards which regularly and constantly confront Americans. When such a system is made effective, the nation has taken a



vitaly necessary step to block the recurrence of such deplorable crisis conditions of economic insecurity as prevailed in the United States in the 1930 s

Until recently Americans have sought to obtain economic security almost solely by individual efforts. As a people we early became and in succeeding generations remained tremendously impressed with rugged individualism as constituting the best way of life. Under this philosophy the strong consensus was that each citizen should provide for his own old age by his own savings. Unemployment insurance was not only unnecessary but also objectionable in the traditional view for it would encourage idleness. The enactment of legislation designed to afford more economic security was constantly opposed by several obstinate and potent factors not the least of which was this: we had forty eight states any one of which by adopting any sort of legislation to promote greater economic security for its workers would thereby place its employers at a competitive disadvantage in the business struggle as compared with firms in other states which did not have such legislation.<sup>1</sup> Despite all retarding forces however, the stark realities of the abominable economic conditions of the 1930 s convinced a majority of the American people that much greater security for workingmen and their families was imperative and that this could be had only through legislation.

**Need of Social Security Legislation** Even before the depression of the 1930 s there was a much greater need of social security legislation—that is governmental action designed to aid workers in meeting the hazards of life and keep them from dependence upon charity in their old age—than was commonly realized. From 80 to 90 per cent of the poverty in the United States in normal times is attributable to these five factors: industrial accidents, illness, old age, unemployment, and premature death of the family breadwinner.<sup>2</sup>

Although there has always been a considerable amount of economic insecurity in the United States under twentieth century conditions the uncertainties of life for our workers have

<sup>1</sup> Paul H. Douglas, *Social Security in the United States*, McGraw Hill Book Co., New York, 1939, p. 5.

<sup>2</sup> John N. Andrews and Rudolf K. Michels, *Economic Problems of Modern Society*, The Ronald Press Company, New York, 1937, p. 584.

vastly increased. Fifteen times as many Americans, it has been estimated, have been killed or injured in industry as have been numbered among the casualties of all our wars. The relative number of the aged is ever increasing. Even before the depression one third of all Americans over sixty-five years of age were dependent. Unemployment too was increasing before the advent of the 1930's. Large numbers of workers' families constantly faced indigency. In 1930 there were almost 5 000 000 widows, 40 per cent of whom were over sixty-five years of age. The number of children whose fathers died prematurely far exceeds the number of widows. Even a little reflection upon present-day economic and social conditions reveals this fact clearly: the individual unassisted by the public cannot make provision for the insecurities of life. Since 75 per cent of American workmen have, in normal times, less than \$1500 a year income, they can not possibly save enough money to provide for their old age, much less the other hazards of life.

But one method besides personal savings by which they could meet the uncertainties of industrial life through their own resources has been available to American workmen. This is insurance. As for private insurance, it was unavailable for those in the more hazardous occupations, and even when available was for the vast majority of workers beyond their means. Although an increasing number of employers instituted pension plans for their employees, in 1930 such pensions included only a pitifully small per cent of all our workers — not more than 3 per cent of those over sixty-five years of age. Furthermore, the protection afforded by these private pension plans was rather sharply limited. In short, the only resort in the United States for the vast majority of our wage earners and their families who fell victims to the insecurities of life, prior to 1935, was charity. And charity is an inefficient, demoralizing, and thoroughly inadequate remedy for the human needs which spring from the economic uncertainties of modern industrial life. Undoubtedly even before the depression of the last decade there was urgent need of social security legislation.

**Social Security Legislation before 1935** The year 1935 marks a tremendously important milestone in the advance of public provision for the economic uncertainties our workers face.

A much better appreciation of how great a stride forward was effected in that year may be gained if the very limited legislation in this field up to that time is surveyed

Old age state pension laws were first enacted in the United States in 1923 (Such pensions were granted by Germany in 1889 ) By 1928 only five of our states had passed old age pension laws And all these merely permitted local authorities to grant such pension How infrequently local governments acted is evidenced by the fact that in 1928 only 1500 individuals in five states received aid under this permissive legislation The first state wide old age pension systems were established in 1929 by California and Wyoming However, by the 1920 s tens of thousands of the employees of our governments (federal, state and local) were afforded pensions upon their retirement from the civil service

In the matter of governmental provision for unemployment only Wisconsin had taken any action before 1936

After 1910 workmen s compensation laws were enacted by our states Such statutes stipulated that payments were to be made to workers who met with industrial accidents regardless of who was negligent (Germany began such legislation in 1884 ) By 1935 forty six of our commonwealths and most of our territories had enacted workmen s compensation laws Although these enactments constituted a definite gain in meeting one type of economic insecurity confronting our wage earners, they were inadequate for the payments were usually entirely too meager and when fairly adequate they ceased after a rather limited period of time Furthermore 'occupational disease' is not an industrial injury in most states

Regarding the matter of illness, not one of our states before 1935 had established any state wide plan for meeting the needs of workers who were unable to labor by virtue of sickness (By 1935 about half of the European countries had compulsory sickness insurance ) While industrial establishments increasingly provided full or partial medical care for their employees the vast majority of workers as late as 1930 was without this protection For most workers a prolonged illness was a calamity

In one sort of public provision against economic insecurity the United States has been the leader among the nations — mothers'

pensions By 1933 all of our forty eight states save two had enacted legislation which made this aid possible The purpose of these acts was to prevent homes from being broken up by the death removal, or disability of the chief breadwinner and to permit the mothers to bring up their children in their own homes instead of being compelled to place them in institutions <sup>1</sup> But these mothers' pensions were seriously limited by virtue of these two facts in over half our states the law was permissive in over half of our commonwealths with mandatory enactments the financial burden entailed by such legislation was generally placed upon local governments which were often either unable or unwilling to assume the financial obligation involved

When one surveys the whole field of social security legislation in the United States up to 1935 he is impressed with two salient facts public provision for meeting the common economic insecurities which confront our workers was woefully inadequate in comparison with European progress in this field especially in pre Nazi Germany the American people were definitely backward In 1935 however we effected a phenomenal advance

**Significant Legislation in 1935** The Social Security Act which became law on August 18 1935, is probably one of the most monumental pieces of legislation designed to promote the general welfare ever enacted by a Congress of the United States Undoubtedly it signalized a giant stride forward in meeting a fundamental need of hosts of American workers and their families — economic security Both in the number of hazards covered and in the millions of citizens protected this legislation is truly phenomenal in American experience The Social Security Act is a comprehensive statute It provides for old age and survivors insurance, and offers the states federal co operation and financial assistance in nine federal state programs — unemployment insurance aid to the needy aged the needy blind and dependent children, services for maternal and child health child welfare, the treatment of crippled children, public health and vocational rehabilitation <sup>2</sup>

<sup>1</sup> Paul H Douglas *op cit* p 185

*100 Questions and Answers on the New Social Security Program* p 3 of pamphlet by the Social Security Board U S Government Printing Office Washington, D C This Board has prepared a number of pamphlets which are available to those interested in the topic of social security

The security legislation of 1935 provides an income for all workers included in the act as soon as they reach sixty five years of age irrespective of need and as a matter of contractual right <sup>1</sup> The amount of the annuity that is the allowance or income which a worker has a right to receive, varies from \$10 to \$85 a month depending upon the number of years which he has been under the plan and the amount of the wages he has received This system is compulsory The annuity is paid each month as long as the worker lives A supplementary monthly payment is also made to the wage earner if or when his wife reaches sixty five years of age He also receives an allowance for his children until they are sixteen or eighteen if still in school Furthermore, upon the decease of the worker who is receiving an annuity 'survivors payments' are made to his widow to his widow for his children until they reach sixteen or eighteen if they are in school and to his dependent parents provided he left no widow or any children who are under sixteen years of age If a worker who is included in this plan dies before he reaches sixty five years, the Federal government effects a lump sum payment to his relatives or friends

Old age benefit payments began on January 1, 1940 These annuities are paid out of taxes levied on both the workers and the employers — by assessments on payrolls Both were assessed 1 per cent in 1937 This rate was to continue until 1943 when for a period of three years the rate was to be 2 per cent and then  $2\frac{1}{2}$  per cent until 1949 In 1949 the rate was to become and remain 3 per cent No changes in the rate have been made during the war years Reserves for the payment of annuities to workers will be built up until in 1980, \$47,000 000,000 will be accumulated After 1980 it is expected that the income (contributions and interest) and the payments made to annuitants will balance

Annuities for old age are not by the legislation of 1935 provided for all workers The following types of employment are

<sup>1</sup> In August 1939 Congress rather extensively amended the law of 1935 Several of these amendments were in the direction of liberalization for example earlier and larger payments All data of this chapter are as of the postamendment period rather than as of 1935 In a booklet *Major Changes in the Social Security Act* by the Social Security Board provisions of the original act (1935) and of the amended act (1939) are set down in parallel columns

not included in the act agricultural domestic service in private homes, local college clubs fraternities and sororities government employment—federal state or local (or their instrumentalities with certain exceptions as for example employees in banks and loan associations) casual labor self-employment—farms shops offices and professions family employment service on certain fishing vessels and on foreign ships service of a foreign government occupations covered by the Railroad Retirement Act and any employment in nonprofit seeking organizations—religious charitable scientific or educational Despite these exceptions however, the Social Security Act does assure an income at the age of sixty five to about two thirds of our workers By 1940 about 50 000 000 American wage earners had established accounts under this plan This annuity system is the only part of the social security program launched by the act of 1935 which is exclusively provided and administered by the national government

**The Needy Aged** Provision for old age as established by the annuity system notable as it is, by no means represents the whole effort of the Federal government to make possible greater economic security for the aged Under one section of the Social Security Act of 1935 the national government established a plan designed to afford the states strong encouragement to grant their respective needy aged a monthly pension (Annuities are paid regardless of the financial resources of the annuitants) This encouragement was afforded by the offer of the Federal government to pay half of each state provided old age pension up to \$40 a month The maximum federal contribution is \$20 A state may pay as large or as small a pension as it wishes Today nine states have established no maximum amount they will pay their needy aged The monthly payments made by our states range from \$20 to \$45 \$30 being the most common amount paid

The national government plays an important role in the administration of the pensions to the needy aged It contributes 5 per cent of its total grants to a state to aid the commonwealth to meet the costs of administration All the costs of the Federal government under its plan to aid the states in providing pensions for the needy aged are paid out of general tax funds The contributions of the national government to the states are condi-

tional A state to be eligible for such aid must establish and maintain certain minimum standards in the operation of its old age pension system These are stipulated by the Federal government<sup>1</sup> But the state, not the national government determines who is eligible for such a pension and the amount which will be paid So potent was this offer of the Federal government to carry half of the financial obligation entailed by aiding the needy aged, that by 1938 all of our forty eight states had enacted old age pension laws (Only two had such statutes before 1935 ) Toward the close of the year 1939, almost 2 000 000 of the needy aged in the United States were recipients of aid from combined federal state funds

**Unemployment Insurance** Unemployment insurance provides the insured wage earners regular weekly payments when they are out of work Such payments help the worker to support himself and his family when he is denied an opportunity to labor Under an unemployment insurance system in times when a normal, or larger than a normal number of jobs are available, funds are built up to make possible the payment of benefits to workers in periods in which private industry cannot offer normal amounts of employment

Although the Social Security Act of 1935 does not establish a federal system of unemployment insurance it does contain provisions which induce and enable our states to establish an unemployment compensation plan A federal tax is levied upon employers in each state But no employer pays a tax upon more than \$3000 for any one employee The tax on pay rolls began at 1 per cent in 1936 and reached a maximum of 3 per cent in 1938 Some employers are exempt from paying this tax all who are in the industries which are not included in the old age annuity plan (see above) all who rely on the services of members of their immediate families and all who employ fewer than eight workers Under the Social Security Act the employer in the industries included in this legislation may deduct up to 90 per cent of the pay roll tax the amounts he has contributed to his state's unemployment compensation fund provided that his state has established an unemployment insurance system which

<sup>1</sup>For a description of the federal requirements see Paul H. Douglas *op cit* pp 152-155

measures up to the minimum standards set up by the national government<sup>1</sup> The Federal government pays all the administration costs of operating state unemployment compensation systems If there is no state unemployment insurance law the employer must pay the full amount of the pay roll tax into the federal treasury The operation of this system is such that insofar as its costs are concerned the employers in all our states, if their industries are included are on the same footing The objective of the federal arrangement is that no state by failing to provide unemployment compensation can thereby gain any competitive advantage over any other state The 90 per cent deduction feature was extremely powerful in inducing the states to act in the matter of providing protection to workers against the hazard of unemployment Every state in our Union was impelled within two years of the launching of the Social Security Act to establish an unemployment compensation system (Only one state had made any provision at all for unemployment insurance before 1935) In 1939 almost 28 000 000 workers were included under the forty eight state plans In this same year unemployed workers received benefits which totaled almost \$450 000 000

The social security program in the field of unemployment is not limited to paying out of work benefits to unemployed workers It also sets up administrative machinery for bringing men and jobs together Every state has established employment offices, the cost of the maintenance of which the Federal government shares These offices the services of which are free to workers and employers alike strive to find jobs for the workers and workers for the employers Today about 1500 of these offices are in operation Places in which the volume of the possible service does not warrant the maintenance of such an office are visited regularly by representatives of the state employment service Over 3000 localities are served in this manner The successful operation of an unemployment compensation system is impossible without the concomitance of administrative agencies which bring those who need jobs and those who want workers together

Under the Social Security Act when a state enacts an unem

<sup>1</sup> For a description of the standards required by the Federal government see Paul H Douglas *op cit* pp 134-138



ployment compensation law it is left entirely free, as long as the federal minimum standards are met, to operate its system in any way it wishes. The security offered workers against unemployment depends solely upon the state. Although a general pattern is discernible an examination of the state administrations reveals many variations. Some states include in their plans all employers regardless of how few employees they have. But others limit their systems to those businesses which employ more than eight workers. In this matter the states seem to be rather equally divided. The amount of the weekly benefit paid differs among our commonwealths. In a majority however this amount is half the regular weekly wages but with a maximum payment of \$15 and a minimum of \$5. States vary too in the matter of how long these benefits will be paid — twelve to sixteen weeks is rather common. Benefits for partial unemployment are provided by forty five states. The rate of the pay roll assessments also varies among the commonwealths, but a large majority require the employer to pay 2.7 per cent of his pay roll into the state fund set aside for the payment of unemployment benefits. Only five states require contributions from the employees. It was well that the Federal government left the management of unemployment insurance to the states for the successful operation of such a system requires elaborate knowledge of and careful adjustment to the widely varying local conditions. Of all the forms of protection the public may afford workers no other is comparable to unemployment insurance in the number of administrative difficulties it presents.

**Other Security Provisions** The omnibus character of the Social Security Act of 1935 is evidenced by the fact that this enactment dealt with seven types of insecurity besides those of old age and unemployment.

1. The Social Security Act sought to improve public health. The economic loss alone of sickness is enormous. Recent estimates show that on the average working day over 5,000,000 individuals in the United States are incapacitated for employment by sickness and that the annual wage loss occasioned by illness is probably about \$1,500,000,000. Under the legislation of 1935 the Federal government makes large annual appropriations to promote public health in the nation. Most of this fund

is allotted to the states to encourage them to develop public health programs. These federal grants need not be matched by the states, that is the state is not required to contribute one dollar for each dollar given by the Federal government. Evidence of intensified interest in health on the part of state governments, much of which was stimulated by the Federal government is revealed by this fact. During the year 1939 legislators in forty four states introduced 285 bills dealing directly or indirectly with provision of medical services with payment of cash benefits for disability or with regular public or private agencies engaged in the promotion of health activities. Of these bills 110 were passed.<sup>1</sup>

2 Under the act of 1935 the Federal government provides funds for each state which has a state wide federally approved plan for mothers pensions. The Federal government pays one third of the total sum paid out by the state but not to exceed \$6 a month for the first child and \$4 for each additional child. Toward the close of 1939, forty two states had provided aid for dependent children.

3 The federal legislation of 1935 in the matter of maternal and child health revives the Sheppard Towner Act of 1921 which provided grants in aid, that is subsidies to the states for maternal and infant care. In the first year under the 1935 enactment the Federal government appropriated almost \$4 000 000. Some of this fund is to be matched by the states and some is granted outright. But to receive federal aid the states must meet standards required by the national government.

4 There are over 100 000 people in the United States who are blind few of whom can earn a living. Before 1935 about one fourth of the blind received pensions usually rather inadequate, from states and counties. The Social Security Act made an initial appropriation of \$3 000 000 for the blind, with provision for later sums as needed. This fund is allotted to the states for the needy blind who are not in public institutions. These allotments are matched by the states or the local governments thereof. The maximum federal aid is \$15 a month for each blind individual. All grants are made on the condition that the federal require

<sup>1</sup> *Social Security Bulletin* Social Security Board Washington D C Jan 1940  
3 1 p 50

ments are met By 1940 all but six of our states granted aid to the blind under federally approved plans

5 In the United States there are probably about 500 000 crippled children Congress under the legislation of 1935 makes an annual appropriation initially almost \$3 000 000 for their care and treatment The federal grants must be matched by the states which must maintain a program that measures up to the standards set by the national government

6 The Federal government in accordance with a provision of the 1935 enactment, annually contributes funds (\$1 500 000 the first year) for the aid of homeless and neglected children These funds are expended primarily in rural districts and in towns for here the need is much greater than in cities which usually make provision for such children No state or local matching of funds is required by the Federal government

7 Since 1920 the national government has aided the states in a program of vocational rehabilitation The Social Security Act adds to the existing appropriations almost \$2 000 000 a year The sums granted to the states must be matched By 1939 each of our states, save one had a program for vocational rehabilitation

**State Response to Federal Incentive** One of the salient developments which stemmed from the federal act of 1935 is the unprecedented amount of legislation that the states were induced to enact in the field of social security If the states elected to enact security legislation they became thereby the recipients of millions of dollars from the federal treasury if however any state chose to ignore the Social Security Act it was subjected to strong pressures at the hands of its citizens who witnessed the advantages accruing to those states that cooperated with the Federal government In less than three years from the time the national social security program was launched all of our states had federally approved plans which afforded protection or aid in the following fields old age pensions for the needy unemployment compensation, maternal and child health care crippled children, child welfare services, and in the extension and improvement of services for public health

Next in significance, perhaps, to the celerity and extensiveness of state action in response to federal inducement, was the decided

success of the national government in elevating standards of public assistance in the states which traditionally had been rather niggardly. Our commonwealths under federal leadership and the urge of financial contributions to be had from the national treasury were soon extending much more state aid than would have been deemed desirable or possible to them before 1935.<sup>1</sup>

**Judicial Approval of Social Security Legislation** Under our governmental system no reform seeking establishment through legislation is safely launched until it has run the judicial gauntlet. Grave fears haunted thoughtful citizens who were cognizant of the strong tendency of the Supreme Court of the United States to interpret narrowly any legislation which imposes regulations in our economic life, lest the Social Security Act be invalidated. But such fears were allayed when All features of the Social Security Act whose constitutionality was questioned were upheld by the United States Supreme Court in a series of decisions which were handed down on May 24, 1937.<sup>2</sup> The Supreme Court upheld the old age annuity system on the ground that it served the general welfare. It declared: The problem [of the aged in society] is plainly national in area and dimension. Moreover, laws of separate states cannot deal with it effectively. Only a power that is national can serve the interests of all.<sup>3</sup> In two five to four decisions the unemployment compensation sections of the act were upheld.<sup>4</sup> The Court decided that the standards required by the Federal government of the states when they set up unemployment compensation systems did not constitute an infringement upon state sovereignty. Our supreme tribunal held that the sections pertaining to unemployment compensation were an inducement to the states to pass such legislation, and that such provisions in the federal act were not coercions of the states.

<sup>1</sup> For standards in relief work programs, social security and special types of governmental aid see *Trends in Public Assistance 1933-1939* Report No. 8 1940 by Bureau of Research and Statistics of the Social Security Board U. S. Government Printing Office Washington D. C. Here are found a wealth of statistical tables which for example indicate the numbers of recipients and the amounts of the payments afforded by the states and the counties.

Paul H. Douglas *op cit* p. 349. For a brief but lucid discussion of judicial decisions of the Social Security Act see his book, pp. 349-357.

<sup>2</sup> *Helvering v. Davis* 301 U. S. 619.

<sup>4</sup> *Carmichael v. Southern Coal Company* 301 U. S. 495 and *Steward Machine Company v. Davis* 301 U. S. 548.

**Administration of the Social Security Programs** The administration of social security programs is at once a matter of vital importance and of tremendous difficulty. The first great hurdle was to secure necessary legislation. The second hurdle which had to be surmounted if the American people really were to enjoy more economic security was the establishment and maintenance of an effective administration of the social security programs including the recruitment training and supervision of a force of civil servants and the keeping of records. Consider just one of the many items under this head — about 50 000 000 cards, one for each of the prospective annuitants under the old age income plan. What a multiplicity of inquiries investigations adjustments, coordinations decisions and rules!

The most important single agency involved in the administration of the whole social security program is the Social Security Board, which is a subdivision of the Federal Security Agency. Three members only two of whom may be of one political party compose this board. The President of the United States appoints the members of the Social Security Board, and designates who shall be the chairman. The term is six years. In order that there may never be a Board composed of all new members the terms overlap. During his term a member may hold no other office or have any other employment.

The chief activities of this Board are formulating policies exercising general supervision determining organizational forms establishing procedures promulgating countless rules and scrutinizing state activities — statutes amendments administrative policies standards and procedures. Its work is effected through three operating bureaus and six service bureaus. The operating bureaus are Old Age Insurance Public Assistance and Unemployment Compensation. The service bureaus and offices are Bureau of Accounts and Audits Bureau of Management Bureau of Research and Statistics Office of General Counsel Office of Informational Services, and Office of the Actuary. Twelve regional offices are maintained by the Board in the United States, and others established in our territories. Each of these has a regional director. By July 1 1938 the Board had under its direction 9602 civil servants.

Each state in our Union as well as the Federal government

faces important problems in the matter of operating the social security system launched by the act of 1935. Every feature of the program, save that of the annuity provision for workers upon their retirement at the age of sixty five, necessitates state administrative action whenever a commonwealth elects to take advantage of the federal legislation for social security. How extensive the organization and how elaborate the procedures of administration are in any state depend fundamentally upon three factors: the density of its population, the extent of its industrialization, and the social mindedness of the majority of its citizens. In many cases the state administration has to reach down to all of its local communities. There are of course many variations among our states in the administration of the different features of the social security program. But these differences are far less pronounced than would be the case were it not for the fact that each state administration in this field is always under the necessity of meeting minimum standards required by the Federal government.

**A Glance Backward** The central significance of the Social Security Act of 1935 is seen in the fact that it clearly indicates a rejection by the American people of extreme individualism and signifies the breaching of the fortresslike walls of the laissez faire conception of life. It was achieved despite powerful opposition both to its underlying principles and its specific provisions. Many dire predictions were made as to the effects of this enactment. But these have been proved erroneous. Certainly the nation passed an extremely important milestone in its social progress when the Federal government assumed a permanent responsibility for the maintenance of greater security for the American people and launched a vast program to effect the realization of this pressing need. Under this program much more protection against economic insecurity is afforded tens of millions of men, women, and children than was until recently deemed possible. When the extremely limited state legislation before 1935 is compared with the extensive programs now in operation in our commonwealths, it is clear that a tremendous advance has been effected in this field. Each year since 1935 has witnessed a further development of the program by both the Federal government and the state governments. It has grown both in the extent of the number

protected and in its effective implementation. In October of 1943, approximately 60,000,000 workers were covered by our Social Security legislation.<sup>1</sup>

**A Look Forward** Today two matters are of supreme importance to the American people that we shall win a decisive victory over the Fascist powers as speedily as possible and that we shall enjoy prosperity in the post war era. At the very heart of the problem of the maintenance of national prosperity is the matter of how a high level of employment may be preserved. Our absolutely fundamental need in the years following this war will be full employment. There must be jobs for all who are able and willing to work. The need is beyond question but how this need can be supplied is a controversial matter. Undoubtedly the vast majority of Americans agree that the major responsibility for providing jobs rests with private enterprises. Probably relatively few are assured that private enterprise can meet this responsibility without some governmental assistance. How much aid the government must supply is a question on which opinion is rather sharply divided.

The need for an extension of Social Security has been recognized ever since the great Act of 1935 went into effect. Efforts to promote the enlargement of Social Security have been vigorous and constant. The Wagner Murray Dingell Bill which is now (1944) before Congress (H R 2861-S 1161) purports to amend and extend the existing Social Security legislation. This bill proposes (1) the establishment of a unified national social insurance system (2) the extension of security rights to those in the military service (3) provision for permanent disability insurance (4) provision for unemployment compensation temporary disability and maternity benefits (5) establishment of a national system of public employment offices (6) provision for grants for medical education and investigation and (7) provision for grants in aid to states for medical care of the needy. This

<sup>1</sup> A veritable mine of information on social security programs — past present and future — in the United States is to be had in the Report of the Committee on Long Range Work and Relief Policies to the National Resources Planning Board *Security Work and Relief Policies*. United States Government Printing Office Washington D C 640 pp 1943. This report is divided into four parts: Evolution of Public Aid Program; Public Aid Programs and the People; Financial and Economic Aspects of Public Aid Measures; Administration of Public Aid.

proposed legislation would extend coverage to 15 000 000 persons who are not now included under coverages of existing social security laws Two large groups for whom such coverage is sought are domestic servants and farm workers

The American people have come to realize the value — even the indispensability — of governmental measures to provide greater security The program should not be looked upon as complete or final but rather as a good beginning We should seek constantly to strengthen and perfect it A few of the more important immediate and specific extensions of the present social security program are The old age and survivors insurance system needs to be broadened to include all types of employment The present unemployment compensation laws of the states demand improvement and liberalization Particularly the benefit payments should be much larger and their duration requires extension All firms even those employing but one worker, should be included in the system Protections against illness and the whole public health program require expansion Considerably greater uniformity in state laws is desirable More comprehensive research would be beneficial Greater efforts might be focused upon securing a fuller coordination of the activities of the different agencies engaged in the administration of the social security program

The Social Security Act of 1935 and the state legislation enacted pursuant thereto lay a substantial foundation for future efforts Building upon this groundwork this and all future generations of Americans may continue to strive for a society in which all workers and their families may have ever greater security in the face of the mounting hazards of modern industrial life

#### TERMS TO BE UNDERSTOOD

annuity	public work
dole	unemployment compensation
economic insecurity	workmen's compensation laws
matching of funds	work relief

#### QUESTIONS FOR DISCUSSION

- 1 What do you find in the relief and public works program which was begun in the 1930s that you would condemn? Why? What do you observe in it that you approve? Why?



- 2 Do you believe that our experiences in providing relief in the last depression will aid us in the next one? If so how? If not why not?
- 3 Could legislation comparable to the Social Security Act of 1935 have been secured previous to the 1930 s? Had such an act been passed previous to 1930 what do you think the Supreme Court of the United States would have decided as to its constitutionality? Why?
- 4 Why did not the States of our Union in the field of social security do on their own initiative before 1935 what they have done since then?
- 5 Are you of the opinion that the social security program as we have it today can or will be further extended? Why?

## FOR FURTHER STUDY

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**BIBLIOGRAPHICAL NOTE** A wealth of material is now available in the field of social security Considerable amounts of it are cited in the *Readers Guide to Periodical Literature* The best articles however are to be found in the various journals of the professional associations in the field of Social Science A host of booklets and pamphlets have been written by various governmental agencies and published by the U S Government Printing Office Washington D C The following sources are especially informative the *Annual Report* of the Social Security Board the *Social Security Bulletin* published monthly by the Bureau of Research and Statistics of the Social Security Board *Social Security in the United States* (monographs) and *Social Security* (a bulletin) both published by the American Association for Social Security Inc 22 East Seventeenth Street New York



## PART III

### CHAPTER 21

## POLITICAL PARTIES

### THE NATURE OF POLITICAL PARTIES

**Importance of Parties in a Democratic System** A political party is an organization of citizens who are more or less like minded on certain basic economic or social issues and are desirous of having candidates elected to public office in harmony with these views. In a totalitarian country where the state represented by the dictator is supreme there is but one legal party. It is the function of this sole party to register the will of the dictator. Under these conditions party government does not exist. On the other hand, parties are essential in a democracy.

Despite the fact that some of the activities of parties have not always been commendable it is difficult to visualize the operation of a democracy without some form of party organization. The foundation of democracy lies in the people who find in the party a convenient vehicle for the expression of ideas and opinions concerning the controversial economic, social and political problems of the day. The party functions to educate and to organize public opinion on these important problems. The party also becomes a convenient rallying point around which to organize the voters. The party supplies the needed machinery to give effect to the popular will. It is a false assumption to believe that candidates for public office will come forward voluntarily to present themselves. The party provides a distinct service in setting up the necessary mechanism to secure candidates for the various positions to be filled.

The political party becomes an important agency in the control of government. That party which is victorious at the polls takes over control of the government under a mandate from the people. Thus the party in power will have to assume the responsibility for the success or failure of the public services. The party is also the

chief instrumentality through which the average citizen can exert any influence upon the formulation of public policy or its execution. The party imparts a competitive principle to governmental activities, which is highly desirable in a democracy. It will also serve to unify the diverse elements in a democratic society and act as a source of mediation between the government and the individual. Last but not least the party will supply a coordinating unifying element so that the whole mechanism of government will not work at cross purposes. The many diverse elements in a democratic society are assimilated by the party through the cultivated feelings of political fraternity and loyalty to the country.

**Importance of Parties in the United States** Although there is no mention of political parties in the federal Constitution, party government in the United States began with the adoption of our basic law in 1789. As a matter of fact, parties on a local scale appeared during the Colonial period. There was a good deal of criticism of these groups and they were denounced as cliques, 'factions' and cabals. With the establishment of the Constitution, parties assumed national importance.

In the early days of the Republic, the founding fathers were inclined to be fearful of political parties. President Washington was concerned with the growing spirit of party in his farewell address. Other leaders, among them Franklin and Jefferson, were also concerned with the possible evils growing out of party government. It was not long, however, before the American people and their leaders saw that parties were inevitable. After all, despite the somewhat violent altercations between the opposing groups, parties did not seem to undermine the stability of the government.

The struggle over the adoption of the Constitution afforded an opportunity for political differences between those who favored the new organization and those who were afraid of too much governmental centralization. Shortly thereafter the two parties, the Federalist and Antifederalist, appeared in bold relief. These two parties differed on the basic issues of the day. The Federalists believed in a strong central government, protective tariffs, loose interpretation of the Constitution, liberal governmental expenditures, opposition to slavery, and were inclined to favor the indus-

trialization of the nation. On the other hand the Antifederalists advocated states rights low tariff strict interpretation of the Constitution economy in government and were inclined to defend slavery and the development of agriculture as opposed to industry. Alexander Hamilton and Thomas Jefferson represented these conflicting points of view in the two parties respectively.

In the United States the role of the political party is especially significant. We are a highly diversified people of some 132 000 000 scattered over a vast area. There are many differences in race religion and locality. The party serves as an agency to bring these diverse elements together. The party is therefore one of the important Americanization agencies.

A unique characteristic of the American governmental structure is the vast number of our governments. It has been estimated that we have approximately 175 000 governments in the United States which are mostly local in character.<sup>1</sup> Merriam and Gosnell point out the fact that there are between 700 000 and 800 000 elective officials in this country.<sup>2</sup> How could this mass of officials secure nominations and elections without some organized mechanism such as that provided by parties?

The party renders another valuable service in helping to preserve a proper balance between the various departments of government. This is especially true in the case of the Federal government with its division of powers and checks and balance system. If it were not for the party serious deadlocks might result in the relations of one department to another, especially between the executive and legislative.

**Political Parties and Interests** In our democracy many diversified interest groups are represented. Some of these are business groups like the United States Chamber of Commerce, the National Manufacturers Association and the American Bankers Association. Labor is represented by the Congress on Industrial Organizations (CIO) and the American Federation of Labor (AF of L). Farm groups like the Grange the American

<sup>1</sup> William Anderson *Fundamentals of American Government* Henry Holt and Company Inc. New York 1940 p. 11

<sup>2</sup> C. E. Merriam and H. F. Gosnell *The American Party System* The Macmillan Company New York 1930 p. 243

Farm Bureau Federation, and the Farmers Union represent the agricultural viewpoint. There are many other such groups.<sup>1</sup> It seems that government is largely a contest between different interest groups to gain recognition in the form of representation on governmental bodies and to secure favorable legislation. These interest groups work through the political party to attain their ends. It may take the form of pressure to get certain desirable 'planks' in the party platform, pressure to get the right candidates elected or appointed to get representatives to vote in the 'right' way and financial aid to the campaign fund.

### DEVELOPMENT OF PARTIES IN THE UNITED STATES

**Parties in the United States** During the Colonial or Pre-Revolutionary period in American history there were no regularly organized political parties as such. However, the people did have differences in opinion as to how far the policy of imperial control should go. In general, those who favored the policy of imperial control were known as Tories, while those who opposed this policy were referred to as Whigs.

In the Post-Revolutionary period the struggle over the formation and adoption of the Constitution resulted in the establishment of the Federalist and Antifederalist parties. Shortly after the adoption of the Constitution the latter group became known as the Democratic-Republican Party.

The Federalist Party was successful in getting control of the government from 1789 to 1801. During the period when the French Revolution was in progress the Democratic-Republican Party discontinued the use of the term Democratic.

The Republican Party was able to get control of the national government from 1801 to 1825. Many liberal Federalists were attracted to it because of its increasingly nationalistic tendencies. The Federalist Party was on the decline, especially after the War of 1812. By 1820 it had disappeared entirely from the American political scene.

With the election of 1824 the caucus method of nominating candidates for the presidency and the vice presidency was meeting with increasing popular opposition. Along with this develop-

<sup>1</sup> See Chapter 22 for a discussion of Pressure Groups and Invisible Government.

ment came a strong spirit of sectionalism. Each section nominated its favorite candidate. The Adams Clay coalition ticket, taking advantage of sectional politics, was successful in this election on a platform calling for an ambitious nationalistic program.

In 1829 Jacksonian democracy came into power. President Jackson followed a vigorous and shrewd policy of organizing the diverse elements which had been opposed to the Adams Clay coalition program. The result of this process was the organization of the Democratic Party on the Jacksonian pattern. By 1832 the opponents of Jackson had become known as Whigs.

The Pre Civil War period from 1832 to 1848 was characterized by political contests between the Whigs and Democrats on such issues as the national bank, protective tariff, and internal improvements.

By 1848 the slavery question was becoming a major issue of American politics. Because of the added tenseness of the slavery issue, the Liberty Party joined forces with the irreconcilable elements of the Whig and Democratic parties to form the Free Soil Party. The Republican Party was formed in 1854 primarily as a protest against the extension of slavery in the territories. However, the Democrats were successful in maintaining their control of the national government to 1861.

The Republican Party under Lincoln was successful in capturing the presidency in 1860 due largely to its antislavery program, its advocacy of protective tariff, and its homestead policies. The success of the North in the Civil War resulted in the general repudiation of the Democratic Party.

The Democratic Party regained control of the national government in the elections of 1884 and 1892 under the leadership of Grover Cleveland. The campaign issues centered largely on tariff and currency problems. The campaign of 1884, the most exciting since 1860, was characterized by extensive "mudling" noise, torch light parades, and popular political verse. In 1888 the Republicans came into power again, to be dislodged by the Democrats in 1892. The Republicans, under the leadership of William McKinley, recaptured control of the government in 1896 following a campaign for sound money and the gold standard, whereas their opponents, under William Jennings

Bryan advocated the free coinage of silver at the established ratio of 16 to 1

The election of McKinley in 1896 marks the beginning of unbroken Republican rule to 1912 and the increased activity of big business in American politics. McKinley owed his election principally to the clever political tactics of his campaign manager Marcus Alonzo Hanna of Cleveland who was a firm believer in the mission of the Republican Party. McKinley was hailed as the advance messenger of prosperity, and the slogan 'full dinner pail' was used to influence the working people. His Democratic opponent, William Jennings Bryan, was hailed as the spokesman of the common people. His famous 'Cross of Gold' speech in the Democratic Convention is a classic among political orations in which he said,

Having behind us the producing masses of this nation and the world supported by the commercial interests, the laboring interests, and the toilers everywhere, we will answer their demand for a gold standard by saying to them:

You shall not press down upon the brow of labor this crown of thorns; you shall not crucify mankind upon a cross of gold.<sup>1</sup>

The reelection of McKinley in 1900, largely on the foreign policy issue, found the United States a world power. His assassination in 1901 brought a forceful character into the presidential office, Theodore Roosevelt, who was elected in his own right in 1904. Big business had overreached itself in the period 1896 to 1901. Now the people desired reform. Roosevelt promised them a 'square deal'. He attacked the trusts, the railroads, and the fraudulent food and drug makers. Many progressive social welfare measures were passed during his incumbency.

William H. Taft, Roosevelt's choice, was elected president in 1908. On the whole, his administration was uneventful. The campaign of 1912 aroused widespread interest. The regular Republicans renominated Taft; the Progressive Republicans, or 'Bull Moosers', selected Roosevelt; and the Democrats chose Woodrow Wilson. The last was victorious.

President Wilson was of the idealistic turn of mind, a believer in the 'New Freedom' for the individual, and an advocate of more opportunities for the small businessman. He favored the

<sup>1</sup> For a more detailed account of the history of American elections, see Harold U. Faulkner, *American Political and Social History*, F. S. Crofts & Co., New York, 1941.



ending of close connections between big business and the government. Many progressive measures were enacted in his administration such as the Federal Reserve Act, the Underwood Tariff, antitrust measures and others. The last half of his administration was significantly affected by the European War. In 1916 Wilson was the Democratic candidate against the Republican Charles Evans Hughes. The Democratic slogan was "He kept us out of war." Wilson triumphed in a very close election.

The year 1920 witnessed the return of the Republicans to power under Warren G. Harding. The contest centered largely on the adoption of the Versailles Treaty of Peace with its League of Nations Covenant. The Republicans with their slogan "Back to Normalcy" were victorious. The death of President Harding in 1923 elevated Calvin Coolidge to the presidency. Coolidge pursued a policy of friendliness to big business. He was reelected in 1924. In 1928 the Republicans nominated Herbert C. Hoover, former Secretary of Commerce and Food Conservator during the First World War. Governor Alfred E. Smith was the Democratic nominee. Some of the main issues were prohibition, aid to the farmers, economy in government and the protective tariff.

In 1932 the Republican and Democratic candidates were Herbert C. Hoover and Franklin D. Roosevelt respectively. The campaign issues centered on prohibition repeal, currency, and aid to the farmers and the unemployed. Roosevelt through his New Deal program for the economic recovery of the nation restored the Democrats to power. The year 1936 witnessed the reelection of Roosevelt largely on his program of economic and social reform.

In the contest of 1940 between Roosevelt and Wendell L. Willkie, his Republican opponent, the main issue was the Roosevelt recovery program, the possibility of our becoming embroiled in the European conflict, and the third term issue. For the first time in our history the long established tradition of "no third term" was broken.

**The Democratic and Republican Parties Today** Although the present Republican Party is largely a descendant of the old Federalist Party and the Democratic Party the offspring of the Democratic Republican Party of Jefferson's day, they show some

interesting differences from their ancestral organizations. Today it is the Republicans who are solicitous about states' rights and the strict interpretation of the Constitution and who are alarmed at the high federal expenditures and the development of a bureaucracy at Washington. On the other hand, the Democrats have tended to favor centralized government, a liberal interpretation of the Constitution and larger governmental expenditures — the very things that Jefferson opposed in 1800.

Moreover, there are many conflicting elements within each party. The real issue within each party is that of conservatism vs. liberalism. The Jeffersonian Democrats opposed the liberalism of the New Deal Democrats. In the Republican Party a similar struggle is going on between the Liberal Republicans and the 'Old Guard' — the conservative wing. From the standpoint of fundamental issues it would seem more logical for the Jeffersonian Democrats to join hands with the Conservative Republicans in their opposition to the New Dealers and the Liberal Republicans.

### THE ROLE OF MAJOR AND MINOR PARTIES

**The Biparty System** Both England and the United States use the two party system. This may be explained as a product of experience and custom. In England, experience has tended to prove that the stability of parliamentary government can be best maintained by a dual rather than a multiple party system.<sup>1</sup> The experience of France with multiple parties shows definitely that they become a source of weakness in a government.

Not only does a responsible ministry presume government by party in order to work smoothly, such a ministerial system requires the existence of two great parties and no more — each in the words of Bryce, strong enough to restrain the violence of the other, yet one of them steadily preponderant in any given House of Commons.<sup>2</sup>

At the present time the leading parties in England are the Conservative, Labor and Liberal parties. After the First World War the Liberal Party suffered internal dissensions which gradually

<sup>1</sup> H. R. Spencer, *Government and Politics Abroad*, Henry Holt and Company, Inc., New York, 1936, pp. 97-98.

<sup>2</sup> F. A. Ogg, *European Government and Politics*, The Macmillan Company, New York, 1935, p. 314. (Quoted from James Bryce, *The American Commonwealth*, 3rd ed., Vol. I, p. 287.)

weakened it and its situation is still precarious today. In the United States the two party system has special significance because of the presidential type of government, where there is a separate independent executive department not subordinated to the legislative branch. To have more than two strong major parties would tend to complicate the election of the president. The vote might be so scattered that there would not be a majority of the electorate voting for any one candidate thus forcing the election into the House of Representatives in accordance with the Constitution. Since it is to be presumed that the House would vote strictly along party lines this might result in the selection of a president who does not represent the popular will.

**The Multiple Party System** English speaking countries have long shown a marked tendency to concentrate upon two major political parties whereas in many other European countries possessing anything approaching democratic institutions the multiple party system is in vogue. Prewar France under the Third French Republic had numerous parties. In the Chamber of Deputies as it stood at the beginning of 1939 there were no fewer than seventeen officially recognized political groups all but six of them having sprung into existence within the previous year and a half<sup>1</sup>. This condition was not peculiar to France alone. Prior to the development of totalitarianism in Europe a number of countries such as Italy, Germany and Russia had multiple parties.

**The Role of Minor Parties in the United States** Although traditionally we have been and are now a two party nation various minor parties have appeared in American history such as the American or Know Nothing Party the Populist the Farmer Labor the Progressive the Prohibitionist, the Socialist and others.

The Populist Party was organized in 1891 at a time when there was considerable unrest among farmers and urban industrial workers. In the election of 1892 the party nominated James B. Weaver of Iowa as its presidential candidate. The platform advocated free coinage of silver government ownership of railroads telegraphs and telephones a postal savings bank better conditions for labor and a graduated income tax. The party polled 1 041 021 votes.

<sup>1</sup>F. A. Ogg *European Government and Politics* revised edition 1939 p. 539

Another example of a minority movement is the Socialist Party organized about 1890. Eugene V. Debs was its presidential candidate five times, twice polling more than a million votes. Norman W. Thomas was the presidential standard bearer in 1928, 1932, 1936, and 1940. In the main, the Socialists have advocated the extension of government ownership, the abolition of monopolies, improved labor conditions, social insurance, peace, income taxes, and the initiative, referendum, and recall.

The Progressive or Bull Moose Party led by Theodore Roosevelt in 1912 affords an interesting example of a minor party. In a three-cornered fight, Wilson, the Democrat, was elected President with 6,300,000 votes. Taft, the Republican, received 3,400,000. Roosevelt, the Progressive, 4,000,000. Debs, the Socialist, 900,000. The Progressive platform advocated direct primaries, popular election of United States Senators, the short ballot, minimum wage laws, and other reforms. In 1924 the Progressive banner was under the leadership of Robert M. La Follette of Wisconsin. It received more than 4,500,000 popular votes and 13 electoral votes. The latter were from his home state, Wisconsin.

**The Success and Failure of Minor Parties** In terms of vote getting and the capture of public offices, however, minor parties, either singly or collectively, have not constituted a formidable threat to the major parties. This has been especially true of national elections. In state and local elections they have had more success, although their victories have been confined to particular regions. A good example of the latter was the Farmer Labor Party of Minnesota, which won a smashing victory in 1932, electing the governor and a number of other state and local officers. In Wisconsin the La Follette Progressives captured the governorship in 1934. The Non-Partisan League has largely dominated the political scene in North Dakota during most of the period since the war.

In Milwaukee, Bridgeport, Connecticut, and in New York City, the Socialists, the City Fusion, and the American Labor parties have succeeded in electing mayors and other municipal officers. But in terms of actual election victories, minor parties have not been conspicuously successful.<sup>1</sup>

<sup>1</sup> P. H. Odegard and E. Allen Helms, *American Politics*, Harper and Brothers, New York, 1938, p. 793.

The figures of the 1940 presidential election illustrate this fact clearly Mr Roosevelt the Democratic candidate received a popular vote of 27 245 422 Mr Willkie his Republican opponent received 22 333 801 votes The minor party votes were distributed as follows Norman Thomas Socialist 116 796 Roger Babson Prohibitionist 58 674 Earl Browder Communist 49 028 John Aiken Socialist Labor 14 861 others 413 The grand total vote was 49 818 995 It is interesting to note that as a group the minority parties polled fewer votes in 1940 than in any presidential election since 1924 It should be noted however that some parties such as the Socialist and Communist failed to get a place on the ballot in a number of states <sup>1</sup>

There are a number of factors which explain why minor parties have not made greater progress in this country We have had the tradition of the biparty organization for many years As a people we are inclined to be conservative in our politics This is due in part to the fact that during most of our history we have enjoyed a condition of prosperity to a greater degree than most European countries Distressing economic and social conditions are more likely to provide a fertile field for the growth of political parties

Legal difficulties having to do with the control of party machinery and procedure present additional problems It is very difficult for a new party to get on the ballot in many states because of the stringent requirements as to the large number of petition signatures required

In Ohio for example over 200 000 signatures 15 per cent of the vote at the last preceding election are required in gubernatorial elections There are other restrictions too as in Nevada where a new party must not only present a petition signed by 5 per cent of the voters but pay a non returnable fee of \$1500 <sup>2</sup>

The single member district system of representation and the majority requirements for the election of a President react to the disadvantage of minor parties Seldom do we find a provision for minority representation in legislative bodies Perhaps some form of proportional representation such as the Hare system would solve this aspect of the problem

<sup>1</sup> *The Chicago Daily Times* Chicago Nov 8 1940  
Odegard and Helms *op cit* p 790

The two major parties have many advantages. They have the benefit of extensive organization, funds, and prestige which a minor party would not have. The party in power has additional sources of strength. By its use of elaborate organization from the nation's capital down to the smallest precinct, it wields tremendous power. It has an army of willing and enthusiastic workers who have definite stakes in winning the election, because their jobs and political careers are bound up with the triumph of their party.

It would be erroneous, however, to assume that minor parties have not made a contribution to the political history of the United States. They have exerted some influence by serving as protest movements, and in forcing the attention of the major parties to the need for certain economic and social reforms. Their protests and agitation have sometimes resulted in the incorporation of certain planks in the platforms of the major parties. For example, the Progressive Party advocated for many years the direct primary and the popular election of United States senators. The Socialist Party has consistently urged the adoption of the income tax and social security legislation. These reforms and others have already been enacted into law by the action of the major parties. The Populist Party in 1892 incorporated a plank in its platform favoring the establishment of a postal savings bank. This was made an accomplished fact in 1910 in the Republican administration of William Howard Taft.

## PARTY ORGANIZATION

**National Party Structure** Party organization in the early days of the Republic was loose and incomplete. Prior to 1840 the prevailing practice was for the party members of the two houses of Congress to meet and select the nominees of their respective parties for President and Vice President. This method was known as the Legislative Caucus, which came to be generally criticized as being undemocratic and boss controlled. As a result the National Convention was organized to meet every four years for the purpose of nominating the candidates for those two high federal offices. The National Convention meets to make nominations and to determine the party platform. It is considered the most important and most representative organ

of the national party Subordinate to the National Convention is the National Committee of the party The Committee consists of over one hundred members <sup>1</sup>

In theory the National Convention appoints the National Committee However this is a mere formality as

the state delegations to the convention select the state's national committee members in about one third of the states the state conventions do it in another third of the states and the remaining states use either the direct primary method or permit the state central committee to appoint <sup>2</sup>

As a body the National Committee has little to do except during the presidential election year This Committee issues the call for the convention fixes the time and place, determines the method of apportioning delegates names the temporary officers, and announces the temporary roll of delegates At the head is the national chairman, who theoretically is chosen by the Committee but actually is selected by the presidential nominee and usually holds office until the next convention meets It has been customary in the event of the success of the party to offer the national chairman the position of postmaster general an office which controls considerable patronage With the advice of other party leaders he must plan the general campaign and direct its conduct He must be a man of wide experience and political acumen

There are two other committees which have an important task, that of aiding in the reelection of its members in the House and Senate These are known as the 'Congressional Committee' and the 'Senatorial Committee' respectively These committees cooperate with the National Committee during the campaign The latter allocates to them the necessary funds for their campaign activities

**State Party Organization** The state party convention was at one time the chief governing organ of the state party in practically all of the states However, more recently the widespread development of the direct primary has lessened its influence

<sup>1</sup> In both parties the committees consist of two members a man and a woman from each state plus two members each from the District of Columbia Alaska Hawaii the Philippines and Puerto Rico and for the Democrats an additional one each from the Canal Zone and the Virgin Islands — plus also a chairman appointed by the party candidate for the presidency

<sup>2</sup> Anderson *op cit* p 218

considerably Some states have taken away many of its former powers

With the decline of the state party convention the State Central Committee has become the most important organ of the major state parties Members of these committees are chosen either by direct primaries or by party conventions Representation is based upon county and state legislative districts and other units There is no uniformity in the size of state committees they range from eleven in Iowa to over five hundred in California <sup>1</sup> The State Committee has jurisdiction over state campaigns It has a great influence in the distribution of state patronage and acts as an agent of the National Committee in the conduct of the presidential campaign A further function of the State Committee is to make the necessary arrangements for the State Convention The latter is composed of delegates chosen by party members directly or by county or district conventions In a few states nominations for state offices are still made by the State Convention

**Local Party Organization** The next important political unit is the County Committee There are over 3000 counties in the United States

In about 1 800 counties both parties are likely to be well organized and all told there must be close to 5 000 active county committees in the two parties with the Democrats having the larger number today <sup>2</sup>

In addition to county committees there are also city and ward committees The basic cell or smallest unit in the party organization is the precinct It averages about 500 voters although the number varies from state to state The precinct is under the control of a Precinct Committee sometimes consisting of two sometimes of three party workers men and women It has been estimated that there are about 120 000 voting precincts in the country with anywhere from 250 000 to well over 1 000 000 workers The more active precinct organizations are to be found in the larger cities In consideration of the services rendered to the party, many of these workers are placed on the public pay rolls of the city, county, or state The main task of the precinct workers is to keep the voters loyal to the party Various

<sup>1</sup> Anderson *op cit* p 220

<sup>2</sup> *Ibid*



favours are distributed by these precinct captains lieutenants or leaders in the form of jobs fixing parking tickets adjusting tax problems, or rendering other types of personal service in a friendly manner

Thus far we have considered the formal organization of the party In actual practice control of a party organization may sometimes be in the hands of a few men Party committeemen may be mere figureheads The real source of control may be in the party bosses or machines

### POLITICAL PARTIES IN ACTION

**Party Workers** The story of political parties would not be complete without some reference to the party worker The party worker from precinct up is a service man a dispenser of various types of favours as a means whereby to create good will which can be converted into votes on election day The precinct worker bridges the gap between the party on the one hand and government on the other He gives contributions to churches and charities baskets of food to the poor gets jobs and helps secure needed hospitalization for the sick He may help young men in the neighborhood to get a charter for their newly formed Social and Benevolent Club or get them out of the clutches of the law In many ways he is on call day or night Naturally people are grateful and some are easily persuaded to vote the straight ticket on election day It should be noted that in some cases the citizen is entitled to these services but he is made to think that they are possible only through the extraordinary efforts of the professional politician

The precinct worker to be successful, must develop the attributes of loyalty industry, and the understanding of just 'plain folks' He must be able to win people over to the party he represents In his attitude he must not be too critical or ask too many questions When beginning in politics he is not asked whether he went to college The important thing is loyalty and the ability to deliver the precinct Any hope of success or promotion in the future rests upon this practical productive basis The partisan and practical attitude of a typical party leader is aptly stated in the following words

I don't want applause said a Chicago political leader. What I want first is pledge cards. But more than that, votes. This is a real fight and every man must do his share. I want to say that if any man does not carry his precinct on the thirteenth of April, he'll be fired on the fourteenth. If a man means anything in his precinct, he can carry it. If he doesn't, he has no business in politics. What is more, any of you that don't get out the vote and have jobs will lose them and they'll go to those who do work and have no jobs. I'm looking at one right now that has no job and he'll have one that someone else now has unless you get out the votes. Don't think that I don't mean this. I've fired the ward committeeman and I've fired the president of this ward club although he had a six thousand-dollar job. I believe that to the victor belongs the spoils. He who contributes the most to winning the election ought to sit at the first table and those who do next should sit at the second table. Anyone of you who can come to me and show that he got out more votes than someone else who has a better job can have that job.<sup>1</sup>

*Primaries* Many methods have been used in nominating candidates for public office. During the early days of this country the 'self announcement' system was in vogue. This type of nomination was common in the southern and southwestern states as late as the Civil War. Small cliques of wealthy landlords would get together to control the nominating process. Next came the legislative caucus, the form of which has already been discussed. Finally, in the latter part of the nineteenth century, popular clamor brought about the direct primary. This method is now in general use throughout the states.

There are two types of direct primaries, namely the closed and the open primary. Most states have the closed system. Under this arrangement the voter may vote on the candidates within only one party and he is recorded on the poll books accordingly. Party voting is encouraged by this type of primary. Under the open primary system the voter's party affiliation is not recorded.

The political machine and the boss favor the closed primary system. This enables them to regiment the voters and to maintain party discipline. The machine gets its control of public office largely through its control of the primary. When the direct primary was first introduced many people thought that it would be a death blow to political bosses and machines, but this has not happened. The machine organizations in both parties put

<sup>1</sup> Carroll Wooddy *The Chicago Primary of 1926* University of Chicago Press, Chicago pp 7-8. By permission of the publishers.

up their slates of candidates in the primary and frequently the voter is limited to a choice between the A machine candidates and the B machine candidates <sup>1</sup>

Primaries as a rule have a smaller turn out of voters than a regular election. Hence the organization with its vast number of pay rollers who can deliver large numbers of votes dominates the primary. It can do so with a relatively small number of votes because many of the independent voters will remain at home on primary day especially if the weather is inclement. Frequently control of the primary means success in the election which follows. Those who advocate the overthrow of the machine system must not lose sight of the great importance of the primary from the standpoint of practical politics.

**The National Convention** The National Convention of the major parties has been described as the greatest show on earth. The city selected for the site of the Convention has often been chosen because of its strategic political importance, its hotel and entertainment facilities, and the guarantee purse which has been put up by the local businessmen. Usually a fund of at least \$100 000 must be guaranteed by the businessmen for necessary expenses before a city can get any serious consideration as a possible site.

After a number of preliminaries the temporary chairman of the Convention, who is usually a good orator, delivers his key note speech, which is generally an exposition of the failures of the opposing party and the outstanding successes of his own party. Succeeding sessions of the Convention are taken up with organization work and finally with the balloting for the presidency and the vice presidency. The key committees of the Convention are Temporary and Permanent Organization, Credentials, Rules, and Resolutions. The permanent officers assume their positions in due course. The chief of these is the permanent chairman, who must be a man of great energy and diplomacy, and who is a good parliamentarian. It is an extremely difficult task to preside over such a large enthusiastic and even noisy gathering. The Credentials Committee decides which delegates will be seated in the event of contesting claims. This may have

<sup>1</sup> For a more detailed discussion of bosses and machines see Chap. 22 Pressure Groups and Invisible Governments.

great political significance. The Resolutions Committee formulates the party's platform for the coming campaign. This is a difficult task, involving reconciliation of the many opposing points of view held by various party leaders.

The most interesting and important part of the Convention comes with the nomination of candidates for president and vice president. Thousands of people are gathered here from every state and most of the territories. Bands and banners are numerous. The party delegates are seated by states in the huge hall or stadium. Each state has a spokesman who responds to the roll call for the delegation, which is called in alphabetical order beginning with Alabama. If a state has no candidate, it may yield to some other state, as for example, New York. Each state may nominate a candidate. Nominating and seconding speeches are made for the various candidates. In the 1936 Democratic Convention seconding speeches were made by every state delegation for Mr. Roosevelt. The mentioning of the candidate's name at the end of a long oratorical speech is the signal for an extended outburst of applause, cheering, band playing, parading, and general uproar. The plan is definitely to keep the demonstration going as long as possible as indicative of the popularity of the favorite candidate.

Prior to 1940 the Democratic Party required a two-thirds vote to nominate a candidate. At times this rule made repeated ballottings necessary before a candidate was agreed upon. In the 1940 convention, however, the two-thirds rule was changed to a simple majority.

**Presidential Candidates** There are three types of presidential candidates, namely, 'logical', 'favorite son', and 'dark horse'. One man by his previous service or position may be the logical person for nomination. This was the case with Coolidge in 1924, and with Hoover in 1928 and 1932. Such a person seeking renomination for a second term is regarded as a logical candidate. This was the case with Franklin D. Roosevelt in 1936. A favorite son candidate is generally a prominent local man whom the state may wish to honor. It may be some wealthy person who has given freely to the campaign fund. For many years in the Democratic Convention the state of Alabama placed in nomination the name of its most prominent political figure.

Oscar W Underwood Ordinarily a favorite son has little chance of winning the nomination A dark horse candidate is one who in the early balloting has shown little strength but because of a deadlock between the major candidates is nominated A good case in point is Warren G Harding in the Republican Convention of 1920 Major General Leonard Wood and former Governor Frank O Lowden were nearly tied but neither could get the necessary majority Finally word went out from the Old Guard leaders of the party that Harding was to be the man Before long both major candidates withdrew and after a few ballotings Mr Harding was nominated The year 1920 happened to be a good Republican year and nomination was equivalent to election

*Qualifications for the Presidency* The American Constitution sets up specific legal requirements for the presidential office however it is the extraconstitutional qualifications that are of most interest to the student of government Several extra legal elements enter into the qualifications of a man for the presidency such as character physique and personality ability to speak experience geography race and religion <sup>1</sup> The American people expect that a president should be a man of unimpeachable character They also expect that the President possess a vigorous physique and a pleasing personality although there have been a few exceptions to this rule The ability to speak well is an asset to a presidential candidate especially if he has a magnetic personality as well A candidate should have had a successful apprenticeship in politics or public life The most fertile presidential field seems to be in the territory from New York to the Mississippi River and from the Ohio River to the Great Lakes Finally every President of the United States has been a Protestant

Our Presidents have not always been men of outstanding ability or preeminence Many years ago Viscount Bryce in his *American Commonwealth* sought to explain why the best man does not become President One reason he gave was the fact that the proportion of first rate ability drawn into politics is smaller in America than in most European countries Another explana

<sup>1</sup> For a good discussion of this topic see R C Brooks *Political Parties and Electoral Problems* Harper & Brothers New York 1933 Chap 10

tion is that the methods and habits of Congress and indeed of political life generally, give fewer opportunities for personal distinction. A third reason is that eminent men make more enemies, and give those enemies more assailable points than obscure men do. The merits of a President are one thing and those of a candidate another thing. To a party it is more important that its nominee should be a good candidate than a good President.<sup>1</sup>

### AMERICAN POLITICAL CAMPAIGNS

The party platform is theoretically a declaration of policies to be followed by the party in the event of success at the polls.

Supposedly an exposition of the things for which the party stands as well as a manifesto of intentions, it has become in practice anything but a lucid setting forth either of views or of aims.<sup>2</sup>

The platform is worded with fine sounding phrases, in fact so general that it is difficult to know what it was really intended to mean. Appeal is made to every possible group. The business man must be given a fair chance to make an honest profit. Labor is entitled to a fair wage. The farmer must be given aid. There must be fair play for all nationalities and races. For some years, platforms espoused the cause of 'Home Rule for Ireland'. Generalities and convenient side stepping of controversial issues is characteristic. When the party is elected to office there is no guaranty that any serious effort will be made to put the platform into effect.

Campaign slogans offer an interesting study. A good slogan which in reality may not mean very much, may make or break a candidate. A few good examples will be sufficient here: 'Keep Cool with Coolidge', 'Fifty-four Forty or Fight', 'Rum Romanism, and Rebellion', 'He Kept Us Out of War', 'America First', 'Back to Normalcy', 'Forward with Roosevelt'. When the question was raised as to what was meant by 'America First' the retort was that anyway it was something that you couldn't argue about.

<sup>1</sup> James Bryce *The American Commonwealth* The Macmillan Company New York 1931 Vol I pp 77-84

Robert Phillips *American Government and Its Problems* Houghton Mifflin Company Boston 1941 p 483

The radio has played an increasingly important part in political campaigns since 1920. There is no longer the necessity for extensive speaking tours. Even front or back porch campaigns are unnecessary. Now the presidential candidate may sit in his own study and have a fireside chat with millions of American citizens. Of course great national chain programs are expensive, and are therefore a handicap to the Independent or minor party candidate.

The campaign meeting is not always conducted on a high level. Too frequently it gives evidence of hypocrisy, insincerity, mudslinging and discussion of personalities. Showmanship is a marked characteristic of political campaigning. The candidate may appear with a ten gallon hat with cowboy attire to whoop it up in real he man style. In another instance the candidate may wisecrack or croon his way to public office. It has been known for a candidate to tour a state with his own hillbilly orchestra. The late Huey Long, former Mayors James Rolph, William H. Thompson and James Walker are some of the well known showmen in the American political arena. Such types of campaigning have been especially characteristic of municipal politics in this country. If any criticism is made of such tactics one may be reminded that they often succeed.<sup>1</sup>

Human interest is a striking feature of American political

<sup>1</sup> An interesting example of political showmanship was afforded by a recent mayoralty election. The incumbent had made an enviable reputation. His administration was known as one of the most efficient city governments in the United States. His opponent in this election was a young man who had no apparent political organization but was nevertheless able to defeat the venerable incumbent, a seasoned campaigner, for a number of reasons. In the first place he was a genial, handsome young man with a winning smile, bubbling over with confidence and enthusiasm. He had an intense love of people and was known as a good joiner. He belonged to almost every type of organization — lodges, singing societies, civic associations, breakfast clubs, luncheon clubs and discussion groups. He soon enjoyed the reputation of knowing more people by their first names than any other citizen in the city. His hearty handshake, his pleasing and winning smile might turn up at any corner at any hour of the day. His energy and enthusiasm seemed without limit. As a speechmaker he set a record. In less than three months he made 879 talks. One of his greatest assets was his rich baritone voice. When people tended to tire of speeches he turned to popular songs such as "God Bless America" and "The Road to Mandalay." When a reporter asked him why he kept up his continual round of orating and joining, he responded with this memorable answer: "I gravitate toward people. I love my fellow men. I am immensely interested in people. I want to help them to do what I can to better them. Furthermore, I believe in the idea of a better world." (As reported by the *Chicago Daily News*, Oct. 4, 1940.)

campaigning We think of the late President Coolidge in a cowboy suit in Indian garb or in the role of dirt farmer pitching hay on the old farm Then there is Al Smith in the famous brown derby We are reminded of such striking personalities as Alfalfa Bill Murray Sockless Jerry Simpson and Pitchfork Ben Tillman Murray was represented as a man who lived in a house with a sod floor without a bathtub who seldom wore a coat and who frequently appeared in a soiled shirt The fact that a candidate wears suspenders may be of more consequence than his views on vital public issues

**Propaganda in Campaigns** More and more propaganda is becoming an outstanding tool in our campaigns Propaganda appeal has become an expert business in itself Both parties canvass the country to get the best possible talent for this important work Newspapermen skilled in the art of journalism, who have had practical political contacts and background are employed Newspapers radio, meetings posters buttons insignias and countless other devices are used to reach the voter, and sometimes even rumors and whispering campaigns are resorted to The party in power has the advantage over the party not in power The ins have the use of a tremendous organization patronage spoils and other favors which can be used to good advantage They are in a much better position to raise vast sums of money for campaign expenses

**Money in Elections** Political parties have become major business enterprises — the two major political parties are million dollar businesses Campaign expenditures have increased steadily In the 1860 election Abraham Lincoln's campaign cost but \$100,000 In the 1920 election the Democratic National Committee spent \$2,249,000 the Republicans \$6,101,000 In 1932 during the depth of the depression we find that the Democrats spent \$2,408,000 and the Republican \$2,866,000 With Mr Roosevelt's reelection in 1936 the Democrats expended \$5,651,000 the Republicans \$8,893,000 These figures do not include the costs of other campaigns state and local and consequently represent but a part of the total cost<sup>1</sup> In the 1940 presidential election the Republicans spent nearly \$15,000,000 and the Democrats slightly more than \$6,000,000 The Communist

<sup>1</sup> The *United States News* Mar. 29, 1940



Party was credited with spending about \$89 500 while miscellaneous national groups spent \$454 954 <sup>1</sup>

Federal and state laws have set limits on the amounts which individual candidates may legally spend in a campaign <sup>2</sup> These laws are known as corrupt practices acts which require that a candidate file a sworn statement of the campaign receipts and expenditures Some thirty states not only prohibit expenditures for certain purposes but enumerate those for which money may properly be spent Legal limitations of the size of individual contributions are found only in Massachusetts and Nebraska where no single gift may exceed \$1000

The Federal government's present Corrupt Practices Act dates from 1925 The law applies to candidates for United States senator and representative in Congress but the law states specifically that it does not include a primary election or convention of a political party A candidate for the United States Senate may not spend more than \$25 000 for the House of Representatives not more than \$5000 These limits do not apply to candidates for the presidency In any event these limitations are difficult to enforce because expenditures cannot always be allocated accurately among the several candidates on the same ticket

Recently the Hatch Act was passed by Congress prohibiting political activities of federal employees except those whose duties are policy forming in character Individual campaign contributions of more than \$5000 are prohibited An amendment was added to the act which prohibits the political activities of state officials who are supported in whole or in part by federal funds

The question might very well be raised as to the wisdom of these high expenditures and the uses to which they are put It is not an easy problem to handle successfully because despite the good intentions of present laws there are convenient loopholes The lavish use of money in political campaigns may endanger the true spirit of American democracy

### SOME CRITICISMS OF AMERICAN POLITICS

As a people Americans probably do not take their politics seriously enough We are much more apt to give our time talents

<sup>1</sup> *Chicago Daily News* Jan 23 1941 Odegard and Helms p t pp 671-676

and energies to business social life, or hobbies Politics to the average person is something of an afterthought The performance of one's civic duty in voting for example, is often considered a chore rather than an opportunity to participate in the affairs of government A study of nonvoting by Professors Merriam and Gosnell revealed the fact that indifference and inertia were the chief causes of nonvoting<sup>1</sup> Everybody's business becomes nobody's business except the professional politician's The result is that we may get an oligarchy of politicians because too many of our good citizens have abdicated in their favor

Our standards in politics could be greatly improved Politics and the public service could be honorable and respectable professions England has succeeded in making them so to a remarkable degree More and more of our young people of college education have recently been drawn into the public service This is one of the most encouraging signs of the times Politics of today, even though the present standards are not all that we would hope for, are nevertheless improved over those of a generation or two ago

Another criticism frequently made of our politics is the fact that the citizens forget too easily the promises made by the party and its candidates prior to election day and are prone to fall into a state of civic apathy until again aroused temporarily by another oncoming election

We have commonly assumed that government is corrupt and big business is virtuous Corruption in government, however, may reflect our general standards of social morality Where corruption does appear in government it is frequently the result of the so called big fix between business and government or to the failure of capable men to respond to the call of political careers when the rewards of business are more attractive

Too frequently the political party is more concerned with spoils

<sup>1</sup> The study was based on the Chicago election of 1923 in which only 723 000 of the 1 400 000 potential voters took part Their conclusions were that 44.3 per cent of the absentees abstained through indifference or inertia 25.4 per cent through physical difficulties such as absence from home or illness 12.6 per cent through legal and administrative obstacles such as lack of residential qualifications or inferior facilities for voting and 17.7 per cent through disbelief in voting such as woman suffrage or disgust with politics C E Merriam and H F Gosnell *Non Voting Causes and Methods of Control* University of Chicago Press Chicago 1925

contracts and power than it is with fundamental principles. It is mainly a contest between the ins and the 'outs' without any principle being involved.

As a final criticism it may be stated that our governmental organization is too complex. The people are too often uninformed and indifferent. This suggests the need for a greater education of our citizens in their civic responsibilities and obligations.

### THE FUTURE OF THE PARTY SYSTEM

The question has often been raised as to whether our two major parties are still serving a useful function or whether they are outmoded. It has been pointed out that the historical differences between them have largely disappeared. The Democratic Party, however, is still the party of the solid South. This fact is based upon an historical issue which has long since passed from the American political scene.

Some argue that the presence of a strong third party would have a wholesome effect upon the two major parties. It would serve as a check on both of them and perhaps be the means of clarifying political issues into a three fold category of conservative, liberal and radical. In opposition to this some are convinced that our present federal system of government works better under a system of two major parties.

In local governments, especially cities, there is much to be said in favor of nonpartisan elections. Under such an arrangement candidates are placed on the ballot by petition without party designations. The justification for this lies in the fact that many municipal problems are administrative rather than policy forming in character and hence there is a greater need for attracting persons of competence who may not come up so readily through the regular political channels.

Many other problems occur in connection with the operation of political parties. It has been proposed that local elections be held on different days wherever possible from state and national elections because otherwise the local issues will be submerged under the more appealing and dramatic national issues. A landslide vote in a national election will carry with it the election of

many local candidates without regard to their personal fitness for the offices in question

The short ballot has been proposed as an aid to better government. Under present conditions the average voter cannot pass upon the merits of some two or three hundred candidates on the ballot, 90 per cent of whom he may not know. We should not expect the voter to do the impossible and then wonder why he does not do it. By voting for fewer offices and making elected officials responsible for the appointment of their subordinates or having most of the latter recruited through civil service and the merit system it is felt that more efficient government could be achieved.

The extension and strengthening of corrupt practices acts is believed by many authorities to be necessary both in the Federal government and in the states. The elimination of spoils and invisible government will be an effective aid in reducing some of the worst evils in connection with present day party government in the United States. The extension of real civil service throughout the nation would promote efficiency in the public service and would elevate American politics to a new sense of dignity and usefulness.

Parties are inevitable in a democracy. If functioning properly parties are of great value in the operation of the democratic process. A party is a means to an end, namely sound, efficient democratic government. Some of the worst results come when the party becomes an end in itself or a means for the aggrandizement of a few. Since control of the party is essentially control of the government, the public welfare and the fate of democracy today rest in large measure upon the character of our political parties.

#### TERMS TO BE UNDERSTOOD

representative democracy	multiple party system
occupational representation	National Convention
Hare system	National Committee
presidential government	keynote speech
pressure politics	logical candidate
Jeffersonian Democrats	favorite son
Old Guard	dark horse
biparty system	State Central Committee

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County Committee	graft
city and ward committee	legislative caucus
precinct	open and closed primary
patronage	short ballot
boss	corrupt practices acts
the machine	Hatch Act
spoils system	nonpartisan election
	platform

### QUESTIONS FOR DISCUSSION

- 1 Why are parties necessary in a democracy?
- 2 Explain why the two party system has developed and survived in the United States Contrast our system with that of England and prewar France showing our advantages and disadvantages
- 3 What are the differences between the present Democratic and Republican parties? Do you favor their reorganization? Why?
- 4 Outline the organization of a major political party
- 5 Why have not direct primaries solved the problem of bossism and machine government?
- 6 Indicate your main criticisms of American elections Suggest a plan of possible improvements
- 7 What part does propaganda and money play in American elections? What are your suggestions for solving this problem?
- 8 What is the function of a party platform?
- 9 Make a study of some recent successful politician Analyze the reasons for his success What does it take to be a successful politician?
- 10 Do you believe that American politics is a promising field as a career for young men and women today?

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## CHAPTER 22

# PRESSURE GROUPS AND INVISIBLE GOVERNMENTS

## PRESSURE GROUPS

**The Representation of Interests** Government is no longer the simple thing it once was in the early history of this country. On the surface it appears that the process of government is the comparatively easy task of ascertaining the public will on a given question and then executing it. In reality the actual process of government is a most complex one. Voters are themselves not agreed on politics and programs to be followed and align themselves with different political parties. In addition to the political party, there are many other groups who seek to influence governmental action. A pressure group is an organized group of individuals who having certain interests in common seek the fulfillment of their wishes through governmental action of one kind or another.

It is but natural in a complex society in which men cannot do everything for themselves that individuals having certain economic interests in common would look to government for possible aid. They organize and may hire a paid agent who is known as a lobbyist to look after these interests. A program is formulated and efforts are made to exert pressure upon public officials to secure its enactment. These pressure groups are much in evidence in the Capitol, in the state legislatures, and the numerous local councils all over the country. These groups are frequently designated as the 'third house,' 'invisible government' and 'the powers behind the throne.'

Pressure groups and invisible government constitute the unofficial government as distinguished from the official government provided under our laws and Constitution. If we are to get a complete picture of government in operation the former must not be overlooked because of its importance as the source

of actual political power and its influence upon the policies and actions of those who constitute the government. In the democratic scheme of government the people themselves, the political parties, the public officials, and finally the numerous pressure groups all play a part. When great multitudes of people with widely different interests attempt to live together in freedom in peace and in order there will be clashes in viewpoint and interest. The attempt to arrive at common policies in a democratic government comes to resemble a tug of war between the various social and economic groups, each contending for its own advantage with more or less regard for the common welfare.

**Emergence of Pressure Groups** One of the paramount problems of government in the United States today arises from the fact that our political system conceals rather than reveals the real combinations of forces which rule us.<sup>1</sup> There are many conflicting elements in American politics. The economic motive is one of the chief driving forces in the governmental process. There are many economic groups which exert a considerable influence in American politics. Sometimes these business groups work with one another, sometimes they compete with one another. Thus, for instance, railroad companies compete with trucking and bus companies.<sup>2</sup> On the other hand, despite a certain amount of competition, some businesses like banks, insurance companies, and retail stores have certain common interests as against other lines of business and as against other sections of the body politic.

In frequent conflict with business interests of the country there is the force of organized labor. Within the ranks of labor itself, however, there may be considerable competition, as in the case of the American Federation of Labor (AFL) as opposed to the Congress of Industrial Organizations (CIO). As a matter of fact, the rivalry in a case like this may be of the most spirited.

<sup>1</sup> Chester C. Maxey, *The American Problem of Government*, rev. ed., F. S. Crofts & Co., New York, 1936, p. 425.

<sup>2</sup> Advertisements sponsored by the railroads point out that railroads pay their own way, maintain their own roadbed, and do not depend upon tax funds to keep the roads open as in the case of other transportation agencies. The trucking companies reply that the gasoline taxes and license fees which they pay amply compensate for public highway expenditures.



type, amounting at times almost to a state of open warfare. Professional workers as for example doctors lawyers and teachers have certain common objectives but among themselves the members of each class are in continuous competition. This is also true of the underworld which represents very active and powerful economic interests. Racketeers may stand together as a class but engage in bitter warfare among themselves.

The motives that prompt the emergence of pressure groups however, are not always purely economic. Taxpayers groups are interested in lowering their own taxes but they are also concerned about efficient government. Veterans groups desire pension plans but are also motivated by ideals of patriotism, comradeship, and service. Local chambers of commerce want more profits for their businesses but also have in mind the objective of community welfare. Still others such as racial social educational recreational patriotic, professional and religious groups may be prompted by motives which cannot even remotely be identified with economic interests.

It is to be expected that in a nation of 132 000 000 people there should be divergent groups each striving to secure the enactment of a program suitable to its own purposes and each inclined to fight for its interests as over against those of other groups. It is also obvious that the varied interests of such a vast aggregate of people could not be adequately articulated without the intermediation of a complex array of organized groups through which the problems and aspirations of individuals find expression. The state especially the democratic state serves the primary function of peacefully reconciling these conflicting interests.

**Some Typical Pressure Groups** Some of the more important pressure groups need specific mention. The business interests of the country are represented on a national scale by such organizations as the United States Chamber of Commerce and the National Association of Manufacturers, the American Bankers Association and many others. In general these groups are interested in 'safe and sane government' economy a minimum of governmental interference and competition with business and the preservation of free private enterprise in American business. The manufacturers want their protective tariff and the bankers a 'sound' money system. Their philosophy may be

summarized by the advertising slogan appearing on many bill boards "What is good for business is good for you!"

The farmers of the country are represented by organizations like the National Grange and the American Farm Bureau. After a long painful experience the farmers have learned the value of organization to promote their interests. For many years they suffered a disadvantage in comparison with the more effectively organized business and labor groups. They now constitute a powerful and effective force in the national political arena. As a group the farmers demand protective legislation such aid as has come through the Agricultural Adjustment Administration government intervention to restore parity prices for agricultural commodities, and similar governmental action.

Labor is represented mainly by the American Federation of Labor and the Congress of Industrial Organizations. While their two programs vary in detail, both are concerned with higher wages for workers, shorter hours, improved working conditions, social security, the right of collective bargaining, and the reduction of child labor. Special groups may have interests of their own which differ from those of organized labor generally.

Professional groups speak through such organizations as the American Medical Association, the American Bar Association, the National Education Association, the American Society of Engineers, and many others. The American Medical Association, for instance, has waged war on quacks and patent medicines. In recent years it has been perhaps the most potent force opposing the socialization of health and medical services.

Government employees have their organizations, as for example, post office employees and various civil service groups. While such groups are not allowed to strike, they can petition for improvements in wages and working conditions and can bring considerable pressure to bear upon government for the adjustment of their grievances. Sometimes they may become a source of political power, directly or indirectly.

Ex service men have organized to further their interests, as in the case of the American Legion and the Veterans of Foreign Wars. They are concerned with pensions, hospitalization of veterans, adequate national defense, Americanization, and related subjects. They constitute a powerful group.

Patriotic and nationalistic groups are found in the case of the Daughters of the American Revolution the National Security League and the Navy League. A number of new organizations have recently been formed to promote adequate national defense and to combat the threat of Nazism. Many organizations parading under patriotic labels however, pursue programs which could scarcely be called American, patriotic, or democratic.

Internationalists and pacifists are represented by a number of organizations, some of them affiliated with religious and political bodies and others historically associated with efforts made at the close of the First World War to interest Americans in the League of Nations and to break down an isolationist policy.

Finally there are numerous reform organizations of one kind or another each seeking to promote a specific social economic, or political reform. Some of these are the Child Conservation League of America, the Civil Service Reform Association, the Anti Saloon League, The Woman's Christian Temperance Union, the Tax Reform League, and many others.

One should not get the impression that pressure groups operate only in the case of the national government. It is true of course, that Washington, D. C. is the paradise for pressure groups and lobbyists over 500 being represented there.<sup>1</sup> While Washington is referred to as The Happy Hunting Ground of Pressure Groups, there are many cases of pressure groups operating in state and city governments. In contrast to the full time professional lobbyists maintained in every state capital and especially in Washington city pressure groups usually designate ordinary executive officials or employees or volunteers to handle specific subjects. Some city pressure groups commonly found are the local chamber of commerce, taxpayers associations, public utilities, banks, contractors labor organizations real estate groups, public employees the press, the underworld reform groups parent teacher associations service and women's clubs neighborhood improvement associations, and churches.

**Techniques of Pressure Groups** In general pressure groups conduct their campaigns along three lines, namely (1) influencing of nominations and elections, (2) direct contact with and

<sup>1</sup> P. H. Odegard and E. A. Helms *American Politics* Harper & Brothers, New York 1938 p. 753

pressure upon members of legislative assemblies and (3) general publicity and propaganda to mold public opinion. A good example of the first type was the case of the late Samuel Insull who in the 1926 Illinois senatorial contest contributed heavily to the campaign funds of both parties. It so happened that a larger contribution was made to the Republican candidate because at that time he was chairman of the Illinois Commerce Commission and in a position to do Mr. Insull more good than his Democratic opponent. Mr. Joseph R. Grundy, president of the Pennsylvania Manufacturers Association, raised over \$1,000,000 for the primary campaign of the Pepper-Fisher ticket in Pennsylvania in 1926. The reason for this large expenditure was the fact that the opposition candidate for governor proposed to shift a large portion of the tax burden from the coal companies to the manufacturers. The latter were practically tax free.<sup>1</sup> The sugar interests spent some \$750,000 in connection with efforts to obtain certain tariff concessions. The American brewers spent \$4,500,000 to defeat national prohibition. To offset this the Anti-Saloon League, considered by many to be one of the most effective lobbies ever organized, spent \$67,000,000 in the period 1893-1925.<sup>2</sup>

A careful check is kept by the pressure groups of the record of the legislative chambers. Elaborate card index records are kept of each legislator. Many facts concerning his personal life are on file. Influence is exerted through direct personal contacts through legislative agents, and through groups of influential citizens brought to the capital to testify before appropriate committees. The voters are encouraged to send letters and telegrams to their representatives. The lobbyist is on the job continuously to develop friendship by informal chats with the legislators in their hotel rooms. The handshake, the cigar, the game of poker, or the game of golf may all contribute to the same end. In some cases favors may be granted and money or other gifts may be exchanged. Such methods today are much more refined and subtle than formerly. The use of intermediaries of indirect persuasion, intimidation, and bribery, and the organization of

<sup>1</sup> P. H. Odegard and E. A. Helms *American Politics* Harper & Brothers, New York, 1938, p. 667.

*Ibid.* pp. 754-756-757.

dummy corporations help prevent disclosure. The social lobby is said to be the most insidious and dangerous lobby of all. A legislator or better yet his wife is given a chance to break into high social circles. Such insidious pressures as these can be at work without the legislator's even being fully aware of the fact that he is engaged in unethical or dishonest practices.

Propaganda is used freely. To be a successful lobbyist one must be a master of or have at his disposal the fine art of propaganda. The press, the radio, and the movies are made use of constantly. Feature stories and news releases are supplied to the press. Speakers are sent out to churches, forums, schools, clubs, and other organizations. Propaganda campaigns in connection with tariff and public utilities have furnished classical examples. Needless to say, tremendous sums of money have been expended for such purposes. In 1913 Congress undertook an investigation of lobbying activities in connection with the passage of the Underwood Tariff Bill. It was revealed that the National Council for Industrial Defense, a manufacturers' organization, had spent \$1 500 000 in six years to aid the passage of favorable legislation and to defeat unfriendly legislation.<sup>1</sup>

The Senate Committee, in investigating lobbying of the power industry in connection with the Wheeler Rayburn Holding Company Bill in 1935, brought out some interesting facts. It was estimated that \$1 500,000 were spent to defeat the bill. A flood of telegrams and a deluge of letters poured into Washington. They were so timed and arranged as to give the impression that a veritable storm of indignation had burst forth in resentment against this bill. Following these protests came long distance telephone calls from friends back home. Evidence before the committee showed that one holding company spent more than \$134 000 for telegrams and telephone messages. This would mean that more than 235 000 messages were paid for by this one company on this one bill. Witnesses under oath have disclosed some of the methods used to send these telegrams. Some people were hired to get signatures and were paid for each message obtained. Others were hired by the day or week. Employees of the local companies were sent out for some of the messages. Company managers of stores and places of business

<sup>1</sup> *Ibid* p 754

obtained general authority from their clerks janitors, and other employees<sup>1</sup>

**Evaluation of Pressure Groups** Pressure groups are a logical outcome of the complex of human interests in modern society. It should not be inferred, however, that all pressure groups are bad or that all of their activities are necessarily contrary to the public welfare. They do have a proper place in democratic society. A legislator cannot be a walking encyclopedia. Thousands of bills will be introduced. He cannot be expected to be an expert on all subjects. The lobbyist generally is a shrewd, well informed specialist who can present many detailed facts to the legislative committee. He may be instrumental in presenting another side of the question. As long as the methods used are legitimate and the objectives are consistent with the good of society lobbying may be a highly useful social activity. Bribery, intimidation and false and misleading propaganda are of course to be condemned, as are the efforts of any section in society to obtain ends inimical to the general welfare.

Pressure groups are a response to some of the imperfections of our modern system of representative government. The increasing complexity of the governmental process has added to the difficulties. Pressure groups are in a sense practical devices to meet some of the problems which have evolved under our American form of representative government in the face of twentieth century conditions.

**Suggested Improvements** It has been suggested that all lobbyists be required to register and to disclose the amount, the sources, and expenditures of their funds. Another suggestion is to transfer much of the 'petty business' now exercised by our legislative bodies to nonpolitical administrative agencies which it is hoped, would be immune to pressure politics. Perhaps a greater use of direct legislation (the initiative, referendum, recall) or its threatened use may have a wholesome effect. Another great need is better sources of information for the average citizen. More facilities to provide reliable, unbiased facts would help to combat the endless round of propaganda which confronts the citizen every day. United States Commissioner of

<sup>1</sup> Hugo Black. Lobbying: Legal Persuasion or Illegal Coercion? *United States News* August 12, 1935.

Education Studebaker has confidence in the power of a nation wide system of public forums<sup>1</sup> In the last analysis an alert, informed intelligent citizenry who would elect representatives of ability and integrity is the best bulwark against the insidious pressure of lobbyists

### INVISIBLE GOVERNMENT

**The Nature of the Problem** We have too frequently assumed that because we go through certain rituals or forms in a democracy it follows that we have the spirit and substance of real democracy We have of course, our franchise, the primary, the convention direct legislation, and other mechanisms which seek to promote the democratic process The electorate however too seldom looks beneath the surface of things to see what is really happening Instead of the majority controlling it may be a relatively small minority dominating the situation Elective public officials may be subservient to political bosses who in turn have no responsibility to the voters as a whole The political party may be controlled by the Old Guard or the bosses who in turn are obligated to certain powerful interest groups who maintain them in power

We are accustomed in the United States to attribute certain unsavory aspects of our political life to the existence of political machines The term 'political machine' may refer to the regular party organization when it operates with a high degree of efficiency Ordinarily, however the term has a more sinister connotation Sometimes a superstructure consisting of an informal group of political leaders including a boss may be imposed upon the regular party organization This small group of leaders may have such skill and power in the management of the party organization that they constitute a "machine" In other cases a single exceptionally astute leader may be so successful in winning elections in maintaining the party in power and in dominating the government which his faction or party controls that he will generally be acknowledged as the "boss" of a political machine<sup>2</sup>

<sup>1</sup> J W Studebaker *The American Way* McGraw Hill Book Company Inc New York 1935

<sup>2</sup> For a further detailed account of types of machines see Harold Zink *Government of Cities in the United States* The Macmillan Company New York 1939 Chap 12

Other examples of the one man or the small clique control in machine organization can be found especially in our large cities although some machines have also achieved control over the politics and government of whole states Invisible government results when the machine organization under the leadership of the boss operates in collusion with certain business interests racketeers or criminal elements for their mutual financial benefit

**Conditions Promoting the Machine and the Boss** Modern government is no longer the simple thing it once was in pioneer days 'Pure democracy for the most part has given way to complex representative democracy with its attendant weaknesses The extension of governmental services has witnessed the increase in the number of public offices with the natural result of the long ballot Added to this has been the general apathy of the average citizen who has shirked his civic responsibilities As a consequence we have seen the development of a highly organized spoils system and the evolution of an increasing class of professional politicians accompanied by machine government bossism graft, and invisible government This condition constitutes one of the greatest challenges to modern democracy today

Another major factor aiding machine and boss control is the unprogressive character of our election laws Our laws discourage the entrance of new parties and independent candidates in elections Independent voting is discouraged by the type of primary where the voter must reveal his party affiliation The party circle on the ballot encourages straight voting with the result that party politics rather than the merits of individual candidates receives the major emphasis Frequently the regulation of the party by the government is inadequate to protect the public welfare Patronage special privilege and contracts often are of more moment to the party and its bosses than are the great principles we hear so much about in election campaigns It is the great game of American politics

Another significant aspect of the machine is its capacity to render a wide variety of genuine services to people of all classes but especially to the poor The machine plays upon human need in many ways Food clothing, and shelter are provided for the



needy jobs for the unemployed hospitalization for the sick legal protection for those who have run afoul of the law These and many more services which the government or the public fails to provide are made available to people and it is upon this basis that the political machine makes its most effective appeal for votes People vote for the machine slate of candidates out of a spirit of gratitude for favors received Reformers are prone to talk in terms of idealistic approaches to the solution of this as well as other problems but until they can provide some substitute which will take the place of this practical human appeal little progress will be made in the permanent solution of machine and boss government<sup>1</sup>

**Some Characteristics of the Machine** The political machine is an outgrowth of our party system The machine and invisible government go hand in hand The most complete and elaborate machines are usually found in our large American cities where the conditions are more conducive to their growth In the cities people do not know each other very well It is more difficult to develop the neighborly spirit There are many positions to be filled on election day but the average voter has a feeling of bewilderment because he knows so few of the candidates The presence of many immigrants who are not familiar with our political institutions gives the machine a good opportunity to befriend them Out of a feeling of gratitude these people frequently vote the machine slate of candidates Many homeless men in the cities find in the political organization sociability sympathetic understanding, and at times material aid The long ballot and the complexity of city elections encourage the use of vote frauds to gain political power This political power is further augmented by the machine in its use of spoils, patronage favors, the awarding of contracts and the rendering of numerous services to the voters

A machine is usually characterized by political success, concentrated control, and smoothness of operation It is an opportunistic organization, being concerned with power and tangible material gains and will use such means and methods as will

<sup>1</sup> See Lincoln Steffens *The Autobiography of Lincoln Steffens* Harcourt Brace and Company New York 1931 for the contrast between effective and futile attempts at reform

enable it to attain these practical ends. Self interest predominates throughout its activities. It makes its appeal to the people primarily on a service basis, real or pretended. The machine is well disciplined from the top down. Each man has a definite job to do and he must subordinate himself for the good of the organization. He must develop the attributes of loyalty, industry and service to the party at all times.

Many alliances will be made by the machine, some with its friends and some with its enemies. Bipartisan political agreements are common in American cities. Unholy alliances are frequently made between the machine and the underworld elements. The principle of rewarding your friends and punishing your enemies is in constant application. Graft characterizes the strongly entrenched political machine. The American political machine is built upon spoils and privilege, fortified by human avarice, and tolerated by public apathy.

**Typical Political Machines** There are many examples of successful machines in American political history. The oldest and most famous is the Tammany organization in New York. The Society of Tammany, or the Columbian Order, was formed in New York City in 1789 to counteract the so called aristocratic Society of Cincinnati. It derived its name from a noted friendly Delaware chief named Tammany who had been canonized by the soldiers of the Revolution as the patron saint of America.<sup>1</sup> Indian names were used to designate the officers of the Society. The purpose of the organization was originally social, but in 1800 it entered politics under the banner of Aaron Burr. During the nineteenth century Tammany rose rapidly in power, aided by its practice of befriending many of the immigrants who came to our shores. As a Democratic organization it has become at times a power in the politics of New York City, in the state and even in national affairs.

Aaron Burr was its first principal leader. He was succeeded by Fernando Wood, leader of the party in 1850, sponsor of the boss system and thrice mayor of the city. The unsavory boss system reached its peak in the regime of William M. Tweed, the originator of the notorious 'Tweed Ring' through whose manipula-

<sup>1</sup> *The Standard American Encyclopedia* Vol. 12 The Standard American Corporation Chicago 1937

tions some \$80 000,000 disappeared from the city treasury. An expose followed. Tweed was imprisoned and Tammany lost much of its popularity. Tweed's successor John Kelly helped to regain much of its former power. However, from that time to the present, Tammany has had its ups and downs. Many political abuses were developed and frequent investigations were made. In 1931 the Seabury investigation forced the resignation of Mayor Walker, who was succeeded by John P. O'Brien, a Tammany supporter. The latter was defeated by Fiorello H. La Guardia, the Fusionist candidate in 1933. Since that date the political fortunes of Tammany were believed to have waned considerably. However, in the 1941 New York mayoral elections Tammany showed a remarkable revival of strength for although the incumbent, Mayor La Guardia, won by some 130 000 votes the Tammany candidate O'Dwyer polled over 1 100 000 votes.

Virtually every large American city has had its machine control at one time or the other. Philadelphia has had its famous Vare machine. The Prendergast machine dominated Kansas City for many years until very recently. Cincinnati had its machine and bosses prior to the advent of its city manager regime. The names of Cox, Herman and Hynicka figured prominently in the history of this Ohio town. Chicago has had many machines in its history, both Republican and Democratic.

The failure of one machine will frequently mean the success of some other machine. Even the most formidable machine will crumble in time. It has been estimated that the average life of a machine in Chicago is about ten years.<sup>1</sup> Overconfidence with its successes, the increasing cost of government, internal dissension, the waste of public funds, and the loss of its vigorous leadership are some of the factors which lead eventually to disintegration. The public tires of the same group feeding too long at the public trough and desires a change, even though the new group succeeding may not be much better, or in fact might even be worse. New names and new faces become the order in politics as in so many other walks of life.

**The Operation of the Machine and Boss System** Among the factors which make the boss possible are the stakes of the

<sup>1</sup> *Chicago Daily News*, Jan. 29, 1941.

game. Were these stakes not so great the machine and in turn the boss could not exist. As Professor Munro says, a political machine like Napoleon's army marches on its stomach.<sup>1</sup> One of the stakes is possible favors to businessmen. There are franchises for street railways and bus lines, pier leases, contracts for supplies, and the adjustment of assessment valuations. Just as the businessmen may have merchandise for sale, the boss is a broker who deals in the sale of privileges for a consideration. Professor Merriam speaks of this as the alliance of the under world of politics with the upper world of business.<sup>2</sup> Brand Whitlock has stated the situation as follows:

The boss is not in politics for principle; he is not always in politics for politics; he is in politics for business. He wants something to sell, something for which in certain quarters there is a demand, something for which a certain few will pay high — that is, privilege.<sup>3</sup>

It is a mistake, however, to assume that it is only the so-called big shots who may ask for certain favors. The average citizen may seek the politician's aid in getting his tax bill reduced. He may wish to have a building permit or hang an electrical sign in violation of a city ordinance. A relative may want to get on the public pay roll. A group of young men may want to get a meeting place for their Social and Benevolent Club. There are a thousand and one favors for which a politician will be solicited, and by many respectable people.

This leads to a second important factor in building up machine and boss control, namely, the spoils system. Even the President, in order to get certain legislation through the national Congress, must occasionally dangle before the eyes of the Congressmen juicy plums of political spoils to get their support. In American politics, Senatorial courtesy, 'logrolling,' and pork barrel politics have their place and are a part of the system as much as the Constitution of the United States. In other words, our American political system nurtures the machine and boss control.

The party in power always has the advantage because it has

<sup>1</sup> W. B. Munro, *Personality in Politics*, The Macmillan Company, New York, 1925, Chap. 2.

<sup>2</sup> C. E. Merriam, *Chicago: a More Intimate View of Urban Politics*, The Macmillan Company, New York, 1929, pp. 51-53.

Brand Whitlock, *Confidence for Good Government*, 1907, p. 199.

control of the plums Control of jobs goes beyond the public service Through having done favors the politician has a good contact with the public service corporation private business and even trade unions where he can place some of the faithful

It is safe to assume that government is in large measure a reflection of our economic order The political machine with its boss rule and its extravagance has its roots deeply imbedded in poverty Kindness and human understanding are reflected in the many activities of the machine The father who receives a basket of groceries for his undernourished family is not apt to inquire as to the motive of the precinct worker who delivers it to the home The poor family which is shivering from the cold does not look upon a gift of coal as a form of graft The party headquarters are always open to the poor man and there he finds a sympathetic listener to his woes Action is prompt with a minimum of red tape After all the rich have their lawyers advisers and influential organizations to which to turn the masses have their precinct captains and their aldermen

There is therefore little mystery in the position of the boss and the machine Service and self interest are basic Through spoils and favors the organization maintains itself Oftentimes reformers do not understand the basis of machine government The essentially human character of the institution is overlooked If it continues to administer to human need, it will have substantial reason for its existence The system as such may be wrong but the good citizen must not simply turn up his nose and sneer at dirty politics without taking account of the genuine social problems upon which the system thrives It is very convenient to blame the politician for the corruption which exists but it is much more difficult to correct the defects of our social economic and political order which make his existence possible

**Other Factors in the Success of the Machine** The use of spoils favors and aid to the poor enables the organization to build up its voting strength Every jobholder is a worker in the organization Each pay-roller controls a certain number of votes Employees in many cases must solicit votes before election day rolls around

The machine gets its most effective control through its domination of the party primary The organization vote is always out

on election day regardless of the weather The machine organization can by a comparatively small vote control the primary and frequently success at the primary is equivalent to election Too many people consider the primary unimportant when actually it may be decisive The independent vote to a large extent does not respond Antiquated election laws encourage straight ticket voting Voters are regimented under the closed primary laws which require a voter to reveal his party affiliation and thus permit the machine to maintain control over its adherents Independent candidates find the many legal requirements under our state laws very discouraging in their attempts to put out a reform ticket

There is therefore much that can be done to improve the mechanics of the system to reduce the power and the influence of the boss and machine government in American politics Not the least of these needs are the elimination of vote frauds the use of voting machines, and the selection of higher grade election officials

Once in office the machine has many sources of income Contributions can be solicited from firms and businesses which are in a position to get government contracts Public employees may be assessed a certain percentage of their salaries for campaign purposes Candidates for public office are assessed a certain amount of money Picnics, card parties, testimonial dinners dances and other devices are used to swell the party campaign fund Sometimes money may be derived from the protection of gambling vice the liquor traffic, and racketeering interests of one kind or another It is evident that the party in power has a tremendous advantage over the party that is seeking to get control of public office

Sometimes an attempt has been made to distinguish between honest graft and dishonest' graft Many years ago the late leader of Tammany Hall in New York George Washington Plunkitt, sought to clarify the distinction<sup>1</sup> Suppose one were in a position to get advance information that the Park Board or the Board of County Commissioners was going to buy a certain tract of land After receiving this tip one would quietly purchase this

<sup>1</sup> William Riordan *Plunkitt of Tammany Hall* Doubleday Doran & Company Inc New York 1905 pp 3-10

land at a small figure and then sell it for a much larger price at the convenient time. This would be a case of good business just honest graft. On the other hand, if one were to accept money for blackmail purposes or from gambling establishments, houses of prostitution or the criminal or racketeering elements then that would be clearly a case of dishonest graft. From an ethical point of view this distinction as drawn by Plunkitt could not be justified.

It needs to be pointed out that we have graft in government because we have graft in business. Wherever there is a politician taking graft, it will generally be from the hands of some respectable businessman who is buying something he wants from the politician who has something to sell. It has even been maintained that there is no more graft in government than in business.<sup>1</sup> We are much more likely to hear about the former however, because the newspapers play it up. More waste of public funds can be attributed to a certain amount of inefficiency overlapping and duplication of services than from outright graft itself. Therefore if we would eliminate graft, we might begin by improving our business practices and by encouraging higher standards of ethical conduct in everyday relationships. It is easy to blame government and public officials for something which is deeply rooted in the foundations and practices of our economic system.

**The Political Boss** It sometimes happens that one man may seize so much power in a political organization that he becomes its boss using every possible means to entrench himself much as a dictator would do in a totalitarian state. In such a case the real powers of government are not lodged in the hands of the duly elected public officials but are to be found in the boss himself. The latter as a general rule, will not hold any public office except occasionally and in this instance, it is likely to be as a 'front'. The boss after having seized his own power by extralegal means, will be the real authority behind the scenes.

The political boss lacks legal authority to issue orders, but because he has actually seized the power and has built up his prestige, sometimes by the use of sheer physical force he is in a position to command officials to do his bidding. The boss

<sup>1</sup> See S. McKee Rosen *Political Process* Harper & Brothers New York, 1935 pp. 95-96.

looks to himself for his authority. Financial gain and the love of personal power generally are his main motivating forces. It is a mistaken conception, however, to assume that every boss is always corrupt and has nothing but contempt for the public.

Professor Zink has made some interesting observations concerning bosses.<sup>1</sup> They usually come up from the ranks and are likely to be native sons of the local community. In their youth love of power and qualities of daring are commonly manifested sometimes in connection with gang activities. At an early age a strong propensity toward politics is characteristic, beginning generally in a minor role in the precinct. As they reach their majority and demonstrate their worth in a practical manner, new fields of opportunity will be opened to them. By this time they may become precinct committeemen and as a reward they will be put on the public pay roll. At the opportune time as they further prove their ability they will be put up for some elective position as city alderman or state legislator.

Being possessed of strong ambitions and exceptional energy, the prospective bosses will usually climb from one position to another. It now becomes a process of the survival of the fittest. The one who is extremely shrewd, capable, and who has capacity for organization will emerge on top. In this competitive process, much will depend upon industry, energy, ruthlessness, and even luck.

It is a fallacy to assume that political bosses are ignorant. It is true that, as far as formal education goes, few as a rule are college graduates. They are generally self-made men, educated in the school of hard knocks. However, it is not at all unusual to find some well-educated men among them, especially in the case of more recent bosses.

The typical boss is likely to be a large man physically. This is not surprising when one considers the strenuous life he leads. The average boss comes from a comparatively poor home. It seems that although the Irish have (probably because of their concentration in cities and early participation in politics) contributed more than their share of bosses, virtually every nationality is represented among the bosses, past and present in the American political scene. We are prone to think of bosses

<sup>1</sup>Zink *op cit* pp 198-211



as heavy drinkers and excessive indulgers in vice. Actually a boss to be successful, must be temperate and self controlled. Frequently, bosses manifest an interest in religion. Bosses as a rule are hard workers, take their jobs seriously and have a well developed knack of getting along well with people.

An editorial entitled *Seven Rules for Bosses* makes some interesting suggestions.

Here are some rules of successful boss ship that can be deduced from the lives of great bosses.

- 1 A boss must never interfere with the personal habits of the people. Tammany version — Never get between the people and their beer.
- 2 A boss must give at least the appearance of good government. At the minimum this means a snappy, polite police force and clean streets and alleys.
- 3 Never interfere with the schools or the courts. This is one secret of the amazing power of the Prendergast dynasty in Kansas City.
- 4 Always preserve a protective attitude toward the people in utility matters. Cf. Tammany Hall's preservation of 5 cent subway fare, the life of Tom L. Johnson of Cleveland, the success of Boss Edward H. Crump of Memphis.
- 5 Keep the city's credit good.
- 6 Like the presidency, like all governorships and mayoralties, a boss ship carries the necessity of benevolent paternalism toward humbler citizens.
- 7 Polonius formula: Costly thy habit as thy purse can buy, is good dope for bosses. A good tailor is as essential to boss ship as it is to statesmanship.<sup>1</sup>

The philosophy of a political boss was bluntly put by Thomas Joseph Prendergast, ex-czar of Kansas City, Missouri. His oft repeated words were:

By God, we feed 'em and we vote 'em. On another occasion he was quoted as saying: I am honest with the people. I give them a good government. I take care of the poor. I give out all the jobs I can find. I am the home relief of Kansas City. A political boss doesn't have to be a grafter or robber; all he has to do is to serve the public, make friends and do the right thing.<sup>2</sup>

### SUGGESTED REMEDIES

A number of suggestions have been made for minimizing the evils of pressure politics, invisible government and bossism. The extension of civil service is a definite blow to invisible government. Removing patronage is taking away the sustenance on which machine organization thrives. A more effective control of the party in the public interest is needed, as is greater public

<sup>1</sup> *Chicago Daily News*, Apr. 16, 1936.

<sup>2</sup> *Pathfinder Magazine*, Apr. 16, 1938.

control of the party's expenditures and its activities. The voter needs access to the actual facts of government instead of the propaganda with which he now is deluged. Public forums and radio 'Town Halls' may be of help. There is a need for the constant education of citizens in school and out for the tasks of American citizenship. The revision of antiquated election laws looking to more citizen control over the electoral process is important. More intelligent and widespread citizen participation in the political process might be stimulated by readable, concise and understandable government reports to the public by the officials. The unholy alliance between crime and politics may be broken through vigorous publicity and effective law enforcement. The simplification of government to give the average citizen a better chance to know what it is all about should be a decided help on this as well as on other problems. Finally it should be remembered that in many cases it is the good citizen who is willing to accept a favor for his own personal gain who is at fault. As long as good people are willing to sell out their own government we cannot expect much improvement in this situation. Personal gain and avarice constitute one of the great enemies to good government. Ignorance and indifference are twin sisters to avarice. Good government will not come until we insist upon having it.

#### TERMS TO BE UNDERSTOOD

pressure group	spoils system
lobbyist	invisible government
social lobby	Tammany Hall
the machine	closed primary
the boss	honest graft

#### QUESTIONS FOR DISCUSSION

- 1 What are the techniques of pressure groups and lobbyists? Why is it that the social lobby is said to be the most insidious and dangerous lobby of all?
- 2 Do you believe that pressure groups are primarily a social good or an evil? Support your position with specific reasons.
- 3 Suggest a program whereby the good of pressure groups can be maximized and the evils minimized.
- 4 Do you believe with George Washington Plunkitt that there is such a thing as honest graft? Explain fully.

- 5 Why do political machines tend to flourish in large cities?
- 6 What are the modern conditions that make machine and boss government possible? What can be done to solve this problem?

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## PUBLIC REVENUE AND TAXATION

### NATURE OF THE PROBLEM

No one, it is fair to assume, is eager to pay taxes yet everyone desires some of the benefits of government. No one wishes to pay more than his fair share of governmental revenues. Some interest groups desire many benefits but low taxes for themselves, while others prefer low taxes even at the sacrifice of some governmental services. There are some functions of government which may not safely be given up regardless of the cost. Protection against enemies from without and maintaining law and order within a country are the minimum essentials of a civilized society. But a government may wisely undertake many other functions which private enterprise cannot perform so well or would not be able to perform at a profit. A government can build sewers and other wise protect the public health; it can dredge harbors and put up lighthouses; it can build roads; it can construct and operate canals, tunnels and airports; it can maintain a postal system, it can take measures to conserve the natural resources; it can maintain a free public school system; it can provide parks and other means of recreation.

These and many other things a government may provide for its people if the people are willing to pay for these services. The problem of public revenues then, concerns us all. Funds for the support of governmental undertakings come from many sources. Governments have not always been financed by taxation. In medieval times the monarch was supported by his own private estates and those wrested from others. Feudal dues came before the levying of taxes. In colonial America government was supported largely by fees. Even today some services are maintained in this way. Before considering taxes, some attention should be given to nontax revenues.

## NONTAX REVENUES

There are numerous public revenues which may be classed as nontax revenues — payments which come into the public treasuries more or less regularly but which are not strictly compulsory in nature. These consist of such items as the earnings of public enterprises such as the United States Post Office and the municipally owned utilities; grants in aid to the states from the Federal government and to the local units of government from the states and the Federal government;<sup>1</sup> earnings of the administrative departments; rents, interest, and other charges by governmental authorities; fines, forfeits, and escheats; and finally gifts and pension assessments of public employees.

Table XLII indicates the proportion of revenue derived from tax sources as compared with that derived from nontax sources — grants in aid and shared taxes being excluded.

TABLE XLII

FEDERAL AND ESTIMATED STATE AND LOCAL GENERAL GOVERNMENT FINANCIAL TRANSACTIONS FOR THE FISCAL YEARS ENDING IN 1932 AND 1938

(In Millions of Dollars)

Revenue	Federal		State		Local		Total		
	1932	1938	1932	1938	1932	1938	1932	1938	Per Cent Change
Tax revenue	1889	6034	1701	3857	4657	4920	8247	14 811	+ 79.6
Nontax revenue	117	208	307	345	789	628	1213	1 181	- 2.6
Total revenue	2006	6242	2008	4202	5446	5548	9460	15 992	+ 69.0

An important problem in relation to nontax revenues is whether to increase them and thus make possible a reduction in taxation, or prevent an increase in the public debt, or avoid the issuance of paper money. Since an increase in the charges for postal services, instruction in state universities and other institutions of higher learning, and public utility and other services

<sup>1</sup> Grants in aid differ from other nontax revenues in that while they are nontax revenues to the units of government receiving them they may and usually do come from tax revenues levied by the unit granting the aid.

An escheat is property which reverts to the state upon the death of the owner who has no heirs and leaves no will.

<sup>2</sup> From *The Bulletin of the Treasury Department*, Aug. 1939.

might have the effect of reducing the use of these services (which would thereby endanger general welfare), it seems undesirable to attempt to increase such nontax revenues. Such items as grants in aid may well be increased if the moneys used for such purposes are more equitably collected than those they displace and if the functions for which the moneys are expended may be fairly assumed to belong to the larger unit of government from which the grants in aid come.

### TAX REVENUES

A tax is commonly defined as a compulsory payment for the support of public services. These payments are increasing in total amount and constitute an increasing proportion of the national income. Observance of a sound system in making the tax levies is therefore of greater significance than ever before.

**The Canons of Taxation** The way in which taxes are levied is no less important than the purposes for which they are spent. Over 150 years ago Adam Smith laid down four conditions which a good tax should meet: (1) It should fall upon different citizens in proportion to their abilities to pay; (2) it should be payable in a manner, at a time, and in an amount made clear and definite by the law; (3) it should be levied at the time and in the way most convenient to the taxpayer, and (4) it should be collectible at small cost in proportion to the revenue which it yields. Today all four of these canons of taxation are widely accepted as guiding principles.

The idea of apportioning taxes according to ability to pay raises several questions. First, should Jones, just because he is able to do so, pay high taxes for an improvement which mostly benefits Smith? Would it not be fairer to tax people in proportion to the benefits they receive? The general answer is that although in some cases the benefit principle can be and is applied, in most cases the benefits received cannot be measured. If a sidewalk is built in front of my house, I pay a special assessment. If I drive my car on the highways more than my neighbor, I pay more taxes because I buy more gasoline. It is clear in each of these cases that I receive a special benefit although the sidewalk benefits others as well. But when the government spends money to maintain law

and order or to train and equip an army there is no satisfactory way of apportioning benefits. These expenditures may be essential to the very life of the community and since we are all a part of the community, it is reasonable that those of us who are able to contribute more than others should do so.

But taxing people in proportion to their ability to pay is not so easy as it may seem. To begin with, ability to pay is a hard thing to measure. If Jones has twice the income of Smith, is his ability to pay taxes twice as great or three or four times as great? Second, even when a man pays a tax, the real burden may fall on someone else. Suppose taxes are increased on the plant of Mr. Anderson, an oleomargarine manufacturer. Will the increase come out of his pocket, or can he pass it on to his customers in higher prices for his product? Third, legislatures are not so much interested in levying equitable taxes as in levying those that will bring least protest. Often these relatively painless taxes fall more heavily on the poor than on the rich. The retail sales tax is a good example. The poor man spends most of his income on things like food and clothing against which this tax is levied. The rich man saves a large part of his income and avoids the sales tax on a good deal of the remainder because he spends it, not on taxable commodities, but on items like servants and travel.

The other three tax canons call for little comment. That taxes should not inconvenience the taxpayer more than necessary and that they should not cost too much to collect is obvious. That the time, manner, and amount of payment should be definite is important for two reasons: (1) so that officials may not discriminate among taxpayers and deal oppressively with some, and (2) so that business undertakings will not be discouraged because tax costs cannot be definitely determined.

**The Incidence of Taxes** When we ask what the incidence of a tax is, we mean, on whom does its burden really fall? Does the federal tax on cigarettes come out of the pocket of the manufacturer or of the consumer? Does the landlord or the tenant—or somebody else—finally bear the real estate tax? Can you pass your income tax on to someone else? To such questions there are no simple answers.

In general, however, whether or not a tax may be shifted and

the extent to which it is shifted depends on the elasticity of supply and demand. But what is meant by elasticity of supply and demand? It may be said that the demand for a good is elastic when a small increase in its price reduces considerably the number of units taken because the marginal consumer<sup>1</sup> ceases to buy and others demand fewer units. The supply of a good is elastic when a small decrease in price reduces considerably the number of units offered for sale because the marginal producers<sup>2</sup> withdraw and the others curtail their production. Taxes on necessities may be more readily shifted to the consumer than taxes on luxuries because the demand for necessities is less elastic than the demand for luxuries. Taxes on commodities which have a rapid turnover in production and consumption are more easily shifted than those on durable goods. This is because the supply of the former goods is more elastic than the supply of the latter. This means that taxes on food are ordinarily more readily shifted than taxes on furniture but those on furniture may usually be shifted with less difficulty than those on houses and taxes on houses are more easily shifted than those on land.

Supply and demand are determined in large part by the marginal consumers and marginal producers. If a tax is levied only on nonmarginal producers it does not materially increase the costs of production of the marginal producers and does not therefore greatly influence the price to the public. In other words the tax in such a case cannot readily be shifted. A tax on net income is such a tax. Those who have no net income are not taxed and their costs of production are not increased. They continue to produce at no increase in costs. It is their costs that determine primarily the price of the product. Those who pay the tax on net income, being nonmarginal producers, find it impossible or exceedingly difficult to pass the tax on to the consumers in the form of higher prices.

A tax on output, on the other hand, does raise the costs of production of the marginal producers, causing them to withdraw.

<sup>1</sup> A marginal consumer is one barely able to buy at a given price and would drop out if the price were raised by an infinitesimal increment.

A marginal producer is one barely able to meet the expenses of production when his product is selling at a given price and would drop out if the price were lowered by an infinitesimal amount.



from production unless the tax can be shifted in the form of higher prices to the consumer. If some withdraw from production the supply will decrease and the price will increase sufficiently to absorb the sales tax.

**Kinds of Taxes** In the early part of this century nine tenths of all local, state and federal taxes came from three sources — property taxes which furnished more than 50 per cent of the total customs, which furnished more than 20 per cent and alcoholic beverages which furnished almost 18 per cent all others furnished only 10.5 per cent of the total. Table XLIII gives the main sources in 1938 just before the outbreak of the Second World War.

TABLE XLIII<sup>1</sup>

FEDERAL AND ESTIMATED STATE AND LOCAL TAX REVENUES FOR THE  
FISCAL YEAR ENDING IN 1938

(In Millions of Dollars)

Source	Federal	State	Local	Total	
				Amount	Per Cent
Customs	359	—	—	359	2.4
Property	—	214	4531	4745	32.0
Individual income	1313	249	—	1562	10.6
Estate inheritance and gift	417	145	—	562	3.8
Corporate income and privilege	1449	313	—	1762	12.0
Pay rolls	743	707	—	1450	9.8
Motor fuel and vehicle	293	1163	25	1481	10.0
Liquor and tobacco	1136	298	32	1466	9.9
Sales and other excises	287	717	302	1306	8.8
Other tax revenue	37	51	30	118	0.7
Total	6034	3857	4920	14811	100.0
Per capita tax revenues	\$46.48	\$29.71	\$37.90	\$111.409	
Tax revenues as per cent of national income	8.9%	5.7%	7.2%	21.8%	

The war has called for greatly expanded federal expenditures and a corresponding increase in revenues on the federal level. Table XLIII A gives a summary account of federal expenditures and receipts for the fiscal year 1944.

<sup>1</sup> From *The Bulletin of the Treasury Department* Aug. 1939.

TABLE XLIII A

FEDERAL RECEIPTS FISCAL 1944 <sup>1</sup>(In Millions of Dollars) <sup>2</sup>

Internal revenue collections		
Income and profits taxes		
Individual	18 261	
Corporation	14 629	
Miscellaneous profits taxes	137	
	33 028	33 028
Employment taxes		1 738
Miscellaneous internal revenue		5 353
		40 120
Adjustment to Daily Treasury Statement		1 565
		41 685
Customs		431
Other receipts		3 292
		45 409
Less net amounts transferred to Federal Old Age and Survivors Insurance Trust Fund		1 260
Total receipts		44 149

FEDERAL EXPENDITURES FISCAL 1944 <sup>1</sup>

(In Millions of Dollars)

General	6 188	
War activities	87 039	
Revolving funds (net)	— 39	
Transfers to trust accounts etc	556	
Total expenditures		93 744
Total receipts		44 149
Net budgetary deficit		49 595

Figure 38 a chart made by the Department of the Treasury gives a picture of the total receipts and expenditures of local state, and Federal governments for the fiscal year ending 1938. A consideration in more or less detail of each of the more important taxes is desirable.

*The Property Tax* Before 1900 the states derived the larger portion of their revenues from the general property tax a tax levied on the assessed valuation of real estate and personal property. By 1922 the states had greatly diversified their tax systems and they depended, therefore, less than formerly upon the general property tax. Even so this tax was the one most

From *The Bulletin of the Treasury Department* February 1945. Analysis of Receipts and Expenditures. Composition of the Public Debt. Prices and Yields of Government Securities. Other Treasury Statistics.

Discrepancies in addition are due to rounding off to millions of dollars.

important source of state revenues bringing in at that time 40 per cent of all state taxes By 1932 less than 20 per cent of the state tax revenues came from the property tax, and this had dropped again to 5.5 per cent of the total state tax bill for 1938

The Federal government collects no property tax The state governments in 1938 collected about \$214 000 000 and the local units \$4,531 000 000 This total of \$4 745,000 000 constituted about 32 per cent of the total tax bill of the nation for the year 1938 and 90 per cent of the total revenues for the local units

Since the general property tax is virtually the sole source of revenues for the some 175 000 local taxing units it seems proper to consider some of the more important aspects of this tax Most states provide that property shall be assessed at a fair value and taxed uniformly In most cases the local tax assessors are elected officials without any special qualifications or training for assessing property These local tax assessors frequently make their evaluations in a haphazard and unscientific manner Nor does their dependence upon the voters for their positions encourage them to be impartial appraisers of property values even if they have adequate training and experience

In most states all tax rates on property are uniform This is unfair to owners of some kinds of property Unimproved property brings no income while the income on improved property varies in accordance with type and location Real estate may bring its owner little or no income whereas stocks and bonds may yield large returns As a result of the injustice of uniform taxes real estate which cannot be hidden is forced to bear an unfair portion of the tax burden while intangibles, such as stocks, bonds and mortgages escape this form of taxation This seems bad for two reasons (1) the burden of government is unfairly apportioned and (2) the injustice of the system encourages dishonesty on the part of taxpayers and even on the part of officials in charge of tax assessments

Another aspect of the general property tax that needs consideration is the fact that it involves double taxation Stocks and bonds and mortgages are considered property for tax purposes, but these paper securities actually represent liens on or ownership of tangible property If the tangible property is taxed and then if the lien on this same property in the form of a

mortgage or bond, or the paper that gives title to the property or a portion of it in the form of a stock certificate, is also taxed there is definitely double taxation. To illustrate: if a man pays taxes on a home valued at \$20 000 and another pays taxes on a mortgage for \$15 000 secured by this same home then there is double taxation on \$15 000 of the value of the home. In other words taxes are being paid on \$35 000 worth of property when in fact there is only \$20 000 worth of property involved: the so-called home owner having a \$5000 equity and the owner of the mortgage a \$15,000 equity in the same house.

Despite the weaknesses of the property tax it seems advisable to retain it for the support of local government since it serves as the principal source of local revenues and especially since it has many admirable features as a tax. In the first place it is a fruitful source of revenue. Since governmental services and therefore costs are increasing it would seem unwise to sacrifice such a fruitful source of revenue unless and until a better one can be successfully substituted for it. In the second place this tax is relatively easy to administer. Furthermore the costs of administration are not exorbitant. Finally it may be said that to remove the tax would increase the value of the property to the present owners to the extent of the capitalization of the increased income accruing from the property by virtue of the removal of the tax.

*Possible Improvements of the Property Tax* It has already been pointed out that personal property escapes in large measure the general property tax. It would seem wise to abolish the personal property tax altogether because of the impossibility of enforcing it and to depend upon other taxes such as the income tax to equate the burden of government. Real estate bears today about three fourths of the burden of the general property tax and could therefore be depended upon to bring in a large portion of the revenues necessary to support local governments. If this tax were administered by persons chosen and retained on the basis of merit instead of on partisan and political grounds and if double taxation were avoided it would seem practicable to retain and perfect the real estate tax.

*Excise Taxes* An excise tax is an inland duty levied on the manufacture, sale or consumption of commodities within the

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country. The governments are relying increasingly upon excise taxes for support. These taxes may be shifted to the consumer or sometimes backward to the producer. Such taxes are usually levied without consideration of the ability to pay principle. When these taxes are selective the sumptuary<sup>1</sup> principle is often the controlling one. The following excise taxes will be considered briefly: tobacco taxes, alcoholic beverage taxes, motor fuel taxes, motor vehicle taxes, and general sales taxes.

*Tobacco Taxes.* The Federal government first levied the tobacco tax, but at the present time all three levels of government levy such a tax. For the fiscal year ending June 30, 1941, twenty-eight states and a few local units of government collected a tobacco tax.<sup>2</sup> The tobacco tax is an important source of revenue especially for the Federal government, but state and local governments find some difficulty in collecting it since purchases can sometimes be made in near-by jurisdictions. The sumptuary principle seems to have been originally the controlling one although the effectiveness of a tobacco tax in the United States in discouraging the use of tobacco seems to be questionable. Because tobacco is used widely by all income groups and even by people on relief, tobacco accordingly cannot be considered a luxury under present conditions of consumption in the United States, and the tax therefore cannot be considered a luxury tax.

*Alcoholic Beverage Taxes.* The Federal government and every state levies an alcoholic beverage tax in some form. It is therefore an important source of revenue to both the Federal and state governments. If heavy taxes on alcoholic beverages discouraged excessive consumption, many people would justify such taxes on that ground alone.<sup>3</sup> If alcoholic beverages are luxuries which are consumed by those best able to buy, then a tax on them may be considered a selective excise tax levied in accordance with ability to pay.

<sup>1</sup> Sumptuary relates to the regulation of expenditures of individuals; i.e., the tax is designed to discourage the consumption of the commodity upon which the tax has been imposed.

<sup>2</sup> 1941 Supplement to *Tax Systems*, 8th ed., Tax Research Foundation, Chicago.

<sup>3</sup> It is claimed in Chicago that the increased tax on beer levied at the last session of the state legislature has resulted in no increase in price per glass but a reduction in the size of each glass, and will possibly reduce the total consumption of beer.

*Motor Fuel Taxes* Motor fuel taxes are of course recent in origin being levied first by the state of Oregon in 1919. They are now levied by the Federal government, every state government, and a few local governments, and constitute a very important source of revenue, especially for the states.

*Motor Vehicle License Taxes* These taxes furnish about half as much revenue as do the motor fuel taxes and are decreasing in relative importance. They are levied by the Federal, all state, and a few local governments. In levying motor fuel and motor vehicle license taxes, some consideration is given to the benefit principle, since most of the revenue from these two sources is used for road building. The motor fuel tax is a better tax than the motor vehicle tax for meeting this benefit principle, and this may be one reason why it is being relied upon more in recent years than the motor vehicle license tax. It would seem that little thought has been given to the question as to whether road building has not been overemphasized as a function of government to the serious detriment of other functions. It is possible that these taxes could be lowered so as to make possible an increase in other taxes, such as the income tax, which may be more equitably levied and used for more important purposes, such as education, recreation, and housing, without increasing the total tax burden.

*The General Sales Tax* In many states the general sales tax is the most important source of revenues. In Illinois it brought in 34.75 per cent of the total state revenues for the fiscal year ended June 30, 1940; trust funds and treasury balances were not included, but federal aid revenues were. If the federal aid revenues be deducted, this tax produces for Illinois 43.7 per cent of all state revenues, but 71.9 per cent of this was returned to local governments for use. Other states in which the general sales tax constitutes 25 per cent or more of the total state revenues are California, Michigan, Washington, and West Virginia, while Iowa, Kansas, Mississippi, Missouri, New Mexico, North Dakota, South Dakota, and Utah derive more than 20 per cent and less than 25 per cent of their total revenues from this tax. Still other states that have general sales, use gross income, or gross receipts taxes in some form are Alabama, Arizona, Arkansas, Colorado, Connecticut, Delaware, Indiana,

Kentucky Louisiana Maryland North Carolina Ohio Oklahoma, Pennsylvania and Wyoming

The advantages of a general sales tax are that it is relatively easy to administer and the costs of administration are not high. The objections to such a tax are that it ignores largely the benefits principle and also the ability to pay principle. It certainly falls too heavily upon the poor who must pay most of their income for consumption goods and then in many cases must live below a decent and healthful standard. To take from the lowest income groups in the form of a sales tax such a large portion of incomes which are not sufficient to maintain a decent level of existence seems to many persons one of the undesirable developments of recent years. If the sales taxes could be made selective so that the necessities of life such as food and moderately priced clothing could be exempted from their provisions there is much to be said in their favor and it is to be hoped that those responsible for raising revenues will see the necessity of bringing these taxes within the canons of taxation recognized as just by all leading economists and statesmen.

*Income Taxes* A federal income tax was first levied in 1863 by Congress and continued in force for ten years. In 1894 Congress enacted an income tax law which was declared unconstitutional on the ground that it was a direct tax and as such must if levied be apportioned among the states according to population. In 1909 Congress levied a tax of 1 per cent of the net income of corporations and submitted to the states an income tax amendment to the Federal Constitution which was ratified by the necessary three fourths of the states in February 1913. The first federal income tax law under this amendment was passed in October of the same year. Since then the Federal government has made income taxes a principal source of revenue.

Income taxes may be divided into two parts personal and corporation. These two constituted in 1938 over 18 per cent of the total federal state and local tax revenues. The income tax is the most important single source of federal revenues. For the tax year 1938-1939, the total federal income taxes amounted to \$2 178 420 000, or about 40 per cent of the total federal tax revenues. The total state income tax revenue for this same year was \$348,751,000, or about 9 per cent of the total state tax

revenues Thirty four states have some form of income tax Some states depend upon the income tax as one of the principal sources of state tax revenues while others receive a very small proportion of their revenues from the income tax New York and Massachusetts receive more than 25 per cent of their total state tax revenues from their income taxes while Connecticut receives only about 0 0125 per cent Wisconsin Minnesota Idaho, Oregon California North Carolina Georgia and Oklahoma each receive more than 10 per cent of their respective total state tax revenues from income taxes In 1943 personal income taxes began to be deducted largely at the source and a pay as you go scheme was introduced Total income and profits taxes amounted to 34 655 million in the fiscal year 1944 whereof the individual income tax, which produced the largest single yield amounted to over 18 261 million dollars

Table XLIV shows the federal surtax rates on individual net incomes now (January 15 1945) in force These should be added to the normal rate of 3 per cent on net income minus exemptions allowed by law A person whose adjusted gross income (gross

TABLE XLIV<sup>1</sup>  
SURTAX ON INDIVIDUALS

<i>If the surtax net income</i>	<i>The surtax is</i>
Not over \$2 000	20% of the surtax net income
Over \$2 000 but not over \$4 000	\$400 plus 22% of excess over \$2 000
Over \$4 000 but not over \$6 000	\$840 plus 26% of excess over \$4 000
Over \$6 000 but not over \$8 000	\$1 360 plus 30% of excess over \$6 000
Over \$8 000 but not over \$10 000	\$1 960 plus 34% of excess over \$8 000
Over \$10 000 but not over \$12 000	\$2 640 plus 38% of excess over \$10 000
Over \$12 000 but not over \$14 000	\$3 400 plus 43% of excess over \$12 000
Over \$14 000 but not over \$16 000	\$4 260 plus 47% of excess over \$14 000
Over \$16 000 but not over \$18 000	\$5 200 plus 50% of excess over \$16 000
Over \$18 000 but not over \$20 000	\$6 200 plus 53% of excess over \$18 000
Over \$20 000 but not over \$22 000	\$7 260 plus 56% of excess over \$20 000
Over \$22 000 but not over \$24 000	\$8 380 plus 59% of excess over \$22 000
Over \$24 000 but not over \$26 000	\$9 560 plus 62% of excess over \$24 000
Over \$26 000 but not over \$28 000	\$10 740 plus 65% of excess over \$26 000
Over \$28 000 but not over \$30 000	\$11 960 plus 68% of excess over \$28 000
Over \$30 000 but not over \$32 000	\$13 200 plus 71% of excess over \$30 000
Over \$32 000 but not over \$34 000	\$14 460 plus 74% of excess over \$32 000
Over \$34 000 but not over \$36 000	\$15 740 plus 77% of excess over \$34 000
Over \$36 000 but not over \$38 000	\$17 040 plus 80% of excess over \$36 000
Over \$38 000 but not over \$40 000	\$18 360 plus 83% of excess over \$38 000
Over \$40 000 but not over \$42 000	\$19 700 plus 86% of excess over \$40 000
Over \$42 000 but not over \$44 000	\$21 060 plus 89% of excess over \$42 000
Over \$44 000 but not over \$46 000	\$22 440 plus 92% of excess over \$44 000
Over \$46 000 but not over \$48 000	\$23 840 plus 95% of excess over \$46 000
Over \$48 000 but not over \$50 000	\$25 260 plus 98% of excess over \$48 000
Over \$50 000 but not over \$52 000	\$26 700 plus 100% of excess over \$50 000
Over \$52 000 but not over \$54 000	\$28 160 plus 100% of excess over \$52 000
Over \$54 000 but not over \$56 000	\$29 640 plus 100% of excess over \$54 000
Over \$56 000 but not over \$58 000	\$31 140 plus 100% of excess over \$56 000
Over \$58 000 but not over \$60 000	\$32 660 plus 100% of excess over \$58 000
Over \$60 000 but not over \$62 000	\$34 200 plus 100% of excess over \$60 000
Over \$62 000 but not over \$64 000	\$35 760 plus 100% of excess over \$62 000
Over \$64 000 but not over \$66 000	\$37 340 plus 100% of excess over \$64 000
Over \$66 000 but not over \$68 000	\$38 940 plus 100% of excess over \$66 000
Over \$68 000 but not over \$70 000	\$40 560 plus 100% of excess over \$68 000
Over \$70 000 but not over \$72 000	\$42 200 plus 100% of excess over \$70 000
Over \$72 000 but not over \$74 000	\$43 860 plus 100% of excess over \$72 000
Over \$74 000 but not over \$76 000	\$45 540 plus 100% of excess over \$74 000
Over \$76 000 but not over \$78 000	\$47 240 plus 100% of excess over \$76 000
Over \$78 000 but not over \$80 000	\$48 960 plus 100% of excess over \$78 000
Over \$80 000 but not over \$82 000	\$50 700 plus 100% of excess over \$80 000
Over \$82 000 but not over \$84 000	\$52 460 plus 100% of excess over \$82 000
Over \$84 000 but not over \$86 000	\$54 240 plus 100% of excess over \$84 000
Over \$86 000 but not over \$88 000	\$56 040 plus 100% of excess over \$86 000
Over \$88 000 but not over \$90 000	\$57 860 plus 100% of excess over \$88 000
Over \$90 000 but not over \$92 000	\$59 700 plus 100% of excess over \$90 000
Over \$92 000 but not over \$94 000	\$61 560 plus 100% of excess over \$92 000
Over \$94 000 but not over \$96 000	\$63 440 plus 100% of excess over \$94 000
Over \$96 000 but not over \$98 000	\$65 340 plus 100% of excess over \$96 000
Over \$98 000 but not over \$100 000	\$67 260 plus 100% of excess over \$98 000
Over \$100 000 but not over \$150 000	\$67 320 plus 89% of excess over \$100 000
Over \$150 000 but not over \$200 000	\$111 820 plus 90% of excess over \$150 000
Over \$200 000	\$156 820 plus 91% of excess over \$200 000

<sup>1</sup> Adaptation from instructions for page 4 of Form 1040 Treasury Department Internal Revenue Service 1944



TABLE XLV — OPTIONAL TABLE 1

FOR INCOMES UNDER \$5 000

If Adjusted Gross Income		And the Number of Dependents					If Adjusted Gross Income		And the Number of Dependents							
At Least	But Not More Than	0	1	2	3	4 or More	At Least	But Not More Than	0	1	2	3	4	5	6	7 or 8 or More
		Yurt Tax Is—							Yurt Tax Is—							
\$0	\$50	\$0	\$0	\$0	\$0	\$0	\$2 300	\$2 325	\$364	\$264	\$164	\$64	\$47	\$47	\$47	\$47
50	575	1	0	0	0	0	2 325	2 350	369	269	169	69	48	48	48	48
575	600	1	1	1	1	1	2 350	2 375	374	274	174	74	49	49	49	49
600	625	2	2	2	2	2	2 375	2 400	379	2 9	179	79	49	49	49	49
625	650	2	2	2	2	2	2 400	2 425	384	284	184	84	0	50	50	50
650	675	2	3	3	3	3	2 425	2 450	390	290	190	90	1	51	51	51
675	700	2	4	4	4	4	2 450	2 475	395	295	195	95	1	51	51	51
700	725	2	4	4	4	4	2 475	2 500	400	300	200	100	52	52	52	52
725	750	2	4	4	4	4	2 500	2 525	405	305	205	105	53	53	53	53
750	775	3	5	5	5	5	2 525	2 550	410	310	210	110	54	54	54	54
775	800	3	5	5	5	5	2 550	2 575	415	315	215	115	4	54	54	54
800	825	3	6	6	6	6	2 575	2 600	421	321	221	121	55	55	55	55
825	850	3	6	6	6	6	2 600	2 625	426	326	226	126	6	56	56	56
850	875	3	7	7	7	7	2 625	2 650	431	331	231	131	56	56	56	56
875	900	3	7	7	7	7	2 650	2 675	436	336	236	136	57	57	57	57
900	925	4	8	8	8	8	2 675	2 700	441	341	241	141	58	58	58	58
925	950	4	8	8	8	8	2 700	2 725	446	346	246	146	58	58	58	58
950	975	4	9	9	9	9	2 725	2 750	452	352	252	152	59	59	59	59
975	1 000	4	9	9	9	9	2 750	2 775	457	357	257	157	60	60	60	60
1 000	1 025	5	10	10	10	10	2 775	2 800	462	362	262	162	60	60	60	60
1 025	1 050	5	10	10	10	10	2 800	2 825	468	368	268	168	61	61	61	61
1 050	1 075	5	10	10	10	10	2 825	2 850	473	373	273	173	62	62	62	62
1 075	1 100	5	11	11	11	11	2 850	2 875	479	379	279	179	62	62	62	62
1 100	1 125	5	11	11	11	11	2 875	2 900	485	385	285	185	63	63	63	63
1 125	1 150	5	11	11	11	11	2 900	2 925	490	390	290	190	64	64	64	64
1 150	1 175	5	12	12	12	12	2 925	2 950	496	396	296	196	65	65	65	65
1 175	1 200	5	12	12	12	12	2 950	2 975	501	401	301	201	65	65	65	65
1 200	1 225	5	12	12	12	12	2 975	3 000	507	407	307	207	66	66	66	66
1 225	1 250	5	13	13	13	13	3 000	3 050	516	416	316	216	67	67	67	67
1 250	1 275	5	13	13	13	13	3 050	3 100	527	427	327	227	68	68	68	68
1 275	1 300	5	13	13	13	13	3 100	3 150	538	438	338	238	69	69	69	69
1 300	1 325	5	14	14	14	14	3 150	3 200	549	449	349	249	70	70	70	70
1 325	1 350	5	14	14	14	14	3 200	3 250	561	461	361	261	71	71	71	71
1 350	1 375	5	14	14	14	14	3 250	3 300	574	474	374	274	72	72	72	72
1 375	1 400	5	15	15	15	15	3 300	3 350	588	488	388	288	73	73	73	73
1 400	1 425	5	15	15	15	15	3 350	3 400	594	494	394	294	74	74	74	74
1 425	1 450	5	15	15	15	15	3 400	3 450	606	506	406	306	75	75	75	75
1 450	1 475	5	16	16	16	16	3 450	3 500	619	519	419	319	76	76	76	76
1 475	1 500	5	16	16	16	16	3 500	3 550	633	533	433	333	77	77	77	77
1 500	1 525	5	16	16	16	16	3 550	3 600	648	548	448	348	78	78	78	78
1 525	1 550	5	17	17	17	17	3 600	3 650	664	564	464	364	79	79	79	79
1 550	1 575	5	17	17	17	17	3 650	3 700	681	581	481	381	80	80	80	80
1 575	1 600	5	17	17	17	17	3 700	3 750	699	599	499	399	81	81	81	81
1 600	1 625	5	18	18	18	18	3 750	3 800	718	618	518	418	82	82	82	82
1 625	1 650	5	18	18	18	18	3 800	3 850	738	638	538	438	83	83	83	83
1 650	1 675	5	18	18	18	18	3 850	3 900	759	659	559	459	84	84	84	84
1 675	1 700	5	19	19	19	19	3 900	3 950	781	681	581	481	85	85	85	85
1 700	1 725	5	19	19	19	19	3 950	4 000	804	704	604	504	86	86	86	86
1 725	1 750	5	19	19	19	19	4 000	4 050	829	729	629	529	87	87	87	87
1 750	1 775	5	20	20	20	20	4 050	4 100	855	755	655	555	88	88	88	88
1 775	1 800	5	20	20	20	20	4 100	4 150	882	782	682	582	89	89	89	89
1 800	1 825	5	20	20	20	20	4 150	4 200	910	810	710	610	90	90	90	90
1 825	1 850	5	20	20	20	20	4 200	4 250	940	840	740	640	91	91	91	91
1 850	1 875	5	20	20	20	20	4 250	4 300	971	871	771	671	92	92	92	92
1 875	1 900	5	20	20	20	20	4 300	4 350	1 004	904	804	704	93	93	93	93
1 900	1 925	5	20	20	20	20	4 350	4 400	1 039	939	839	739	94	94	94	94
1 925	1 950	5	20	20	20	20	4 400	4 450	1 076	976	876	776	95	95	95	95
1 950	1 975	5	20	20	20	20	4 450	4 500	1 115	1 015	915	815	96	96	96	96
1 975	2 000	5	20	20	20	20	4 500	4 550	1 156	1 056	956	856	97	97	97	97
2 000	2 025	5	20	20	20	20	4 550	4 600	1 200	1 100	1 000	900	98	98	98	98
2 025	2 050	5	20	20	20	20	4 600	4 650	1 246	1 146	1 046	946	99	99	99	99
2 050	2 075	5	20	20	20	20	4 650	4 700	1 295	1 195	1 095	995	100	100	100	100
2 075	2 100	5	20	20	20	20	4 700	4 750	1 346	1 246	1 146	1 046	101	101	101	101
2 100	2 125	5	20	20	20	20	4 750	4 800	1 400	1 300	1 200	1 100	102	102	102	102
2 125	2 150	5	20	20	20	20	4 800	4 850	1 457	1 357	1 257	1 157	103	103	103	103
2 150	2 175	5	20	20	20	20	4 850	4 900	1 517	1 417	1 317	1 217	104	104	104	104
2 175	2 200	5	20	20	20	20	4 900	4 950	1 580	1 480	1 380	1 280	105	105	105	105
2 200	2 225	5	20	20	20	20	4 950	5 000	1 647	1 547	1 447	1 347	106	106	106	106
2 225	2 250	5	20	20	20	20							107	107	107	107
2 250	2 275	5	20	20	20	20							108	108	108	108
2 275	2 300	5	20	20	20	20							109	109	109	109

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income less certain deductions allowed by law) is less than \$5000 may elect, if he wishes to pay the tax shown in Table XLV in lieu of the tax arrived at under the method described above. The extension of the optional method of calculating the tax to include all persons whose incomes are less than \$5000 simplifies the method of computing income taxes for millions of taxpayers. A taxpayer in this group may also, if he wishes, make his return by sending in his withholding receipts provided he did not have more than \$100 of other wages, dividends, and interest.

The new pay as you go system of income tax collection aims to withhold all or a substantial part of the income tax from wages or to collect it in quarterly installments as estimated for the year in which the income is received. Since these payments do not exactly equal the tax liability, each taxpayer is required at the end of the year or not later than March 15th of the following year to file a return showing his actual tax liability and make any required additional payment or receive a refund for any overpayment.

Although the income tax, when judged by the principles set forth above, is one of the best taxes, certain complications have resulted from the use of this tax by more than one level of government. If both the Federal and state governments levy progressive income taxes upon the same brackets of incomes, gross inequities may result. Cooperation between the states and the Federal government is obviously called for. Some relief is granted at present through deduction of all state income tax payments in computing taxable income for federal tax purposes and a similar deduction of federal income tax payments is allowed by many states.

*Inheritance and Gift Taxes.* In 1938, these taxes brought in about 3.6 per cent of all total tax revenues. The Federal government received 6.6 per cent of its tax revenues from this source, while the states received only 3.5 per cent. Every state in the Union except Nevada has such a tax, and the percentage of the total tax collections brought in by this tax varies from about 0.25 per cent in South Dakota to a little more than 8 per cent in Florida. Some other states in which the percentages are relatively high are Connecticut, in which 7.25 per cent of the total taxes are inheritance and gift taxes. New York, 6.6 per

cent Pennsylvania 6.4 per cent Rhode Island 6.25 per cent Massachusetts 5.25 per cent New Hampshire, 5 per cent Maryland, 4.5 per cent and New Jersey 4.3 per cent. The rates vary in different states and are graduated according to the amount inherited. The federal estate tax varies from 2 per cent on estates not over \$10 000 to 70 per cent on net estates over \$50 000 000. The gift tax ranges from 1.5 per cent to a maximum of 52 per cent.

The Federal government encourages the states to levy such taxes by allowing a person to deduct from the federal tax a certain percentage of the amount of the state tax in the states in which the person lives. The state taxes are being improved rates are being progressively increased there is a tendency to apply the tax equally to real estate and personal property and the administrative machinery is being improved. These taxes are among the most desirable in many respects. They meet fairly well all the standards of a good tax. Inheritance and gift tax policy and administration must be coordinated to prevent evasion.

*Customs* In 1912 before the adoption of the Sixteenth Amendment about 45 per cent of the federal revenues came from customs, or tariffs on imports, while during the fiscal year 1938–1939 only 5.8 per cent came from this source. This means that customs have ceased to be a significant item in the federal tax system. Since the Civil War tariffs have been used increasingly — at least most of the time — as a means of preventing foreign competition with our own domestic economic enterprise and as such they have not been very reliable as sources of revenue. In this volume tariffs will not be considered in relation to world trade. We need merely to emphasize here that they are becoming less important as sources of federal revenue and to suggest that this is a very desirable development since tariffs usually have been levied on the necessities of life and are, as a rule, ultimately shifted to the consumers.

*Payroll Taxes* Payroll taxes in 1938 constituted 13.5 per cent of the federal revenues, 20.7 per cent of the state revenues and 0.2 per cent of the local revenues or about 11.2 per cent of the total governmental revenues, federal state and local. These taxes are collected for the support of social security and have

only recently been introduced into the United States. The Social Security Act imposes three so called taxes. Two of these are designed to finance a contributory old age insurance system and the third serves to encourage the states to inaugurate and maintain systems of unemployment insurance. There is first a tax on wage earners deducted from their wages beginning with 1 per cent for the years 1937 through 1942, the tax was to be raised to 2 per cent for 1943 through 1945, 2.5 per cent for 1946 through 1948, and 3 per cent for 1949 and thereafter. A second tax is equal to the one just mentioned but is levied on the employer and is not deductible from the wages of his employees. Besides these two taxes for old age insurance there is a third tax levied on the employer and not deductible from the wages of his workers. This tax, which goes for unemployment insurance, amounted to 1 per cent of pay rolls in 1936, 2 per cent in 1937, and 3 per cent in 1938 and after. This tax covers only the first \$3000 of annual wages of workers and does not apply to employees over sixty five years of age, agricultural workers, domestic servants, public employees, and certain other classes. The employer may deduct up to 90 per cent of this federal tax for the payment of a state unemployment insurance tax. Changes in the taxing features of the Social Security Act were seriously under consideration in 1944, but they were frozen for the time being. With the broadening of Social Security legislation, an increase in payroll taxes is to be expected.

To the extent that these levies are deducted from the wages of employees and credited for old age benefits, they are deferred pay and are levied roughly in accordance with the benefit principle. The justification for placing upon the employers some of the burden of social security is found in the assumption that it is a legitimate cost of carrying on business to require business to support workers throughout their whole lifetime rather than only while they are working.

**Effects of Taxes** *On the Consumer* Taxes may be so levied as to discourage the consumption of some goods and encourage the consumption of others. The Revenue Act of 1941 is intended to discourage the civilian use of certain durable goods, such as automobiles, the manufacture of which the government wishes to discourage because the plant materials and labor are needed for

war Protective tariffs aim to encourage the consumption of domestic goods A tax on installment buying is intended to limit such buying and may thereby check inflation Taxes on narcotics and liquors do not always reduce their consumption but no doubt one of the intended purposes of such taxes is restriction or prevention of consumption A general sales tax falls more heavily upon the poor than upon the rich and it tends to lower the standards of living of the poor consumers who have no surplus above the bare necessities

These illustrations indicate some of the more important effects of taxes on consumers It is impossible however for anyone even tax experts, to know all the direct and indirect effects of a tax system upon consumers

*On Business* Taxes are ordinarily levied to raise money for the government, but they may also be used to regulate or even prevent certain types of business activity A serious problem was created in the period before the Civil War by the circulation of state bank notes of doubtful value After the establishment of the National Banking System with provision for the issuance of national bank notes many people thought that state bank notes should be withdrawn from circulation entirely But there was some doubt as to whether Congress had the constitutional right to forbid their issue and so it was decided to seek the desired result by using the tax power In 1865 an act was passed taxing state bank notes 10 per cent a year Since the state banks could not afford to pay such a tax the act had the intended effect of causing the complete disappearance of the notes

Although the tax power is seldom used intentionally to destroy a business activity, it is rather frequently employed as a means of restriction We are familiar for example with the fact that taxes on saloons and alcoholic drinks have as often been intended to discourage the liquor business as to raise revenue Similarly the principal purpose of a protective tariff duty on an imported commodity is not so much to bring in money as it is to keep out the foreign product for the benefit of domestic producers

Ordinarily when a tax is levied the thing least desired is to interfere with business Although any new tax has the immediate effect of reducing the wealth or income of some individuals

and corporations, this reduction in private purchasing power is offset by the increase in the purchasing power of the government. The net result may be a stimulus to business because the government may spend money that would have been hoarded by its private owners. Nevertheless taxes often injure business even though that effect is not intended. For instance any tax which increases the cost of producing an important service or commodity is likely to have very undesirable effects. If producers raise the price of the product to meet the increase in cost then sales production and employment are likely to fall. On the other hand, if they are not in a position to raise the price they will suffer losses, and some of them may be forced out of business.

This naturally raises the question, What sort of taxes will not have adverse effects on business? Probably any tax will hurt certain lines of business. Some taxes, however will be much less harmful than others and some will offset injury in one direction with benefits in another. Taxes that fall on finished products are often better than taxes that fall on raw materials, because their effect is more readily calculated. And last taxes that fall on net profits or income actually received are better than taxes that fall on machinery materials finished goods, or anything else that people use in carrying on business. The former need only be paid if one has income out of which to pay them the latter must be paid whether or not and may therefore kill the goose that lays the golden egg by forcing the abandonment or curtailment of many legitimate business activities. This is another argument in favor of raising a larger portion of our public revenues by direct income taxes.

A special problem of some interest is the effect on business of the federal surtax on undistributed corporate profits. All corporations of course, are subject to a federal income tax on their net profits. But the Revenue Act of 1936 contained a provision levying an additional tax on profits turned back into surplus instead of being paid out to stockholders as dividends. This provision became the subject of heated controversy. The advocates of the surtax argued that it was desirable to induce corporations to pay out profits, because then the stockholders could spend the money and thus aid business. But the opponents

pointed out that it is a misconception to suppose that the surplus of a corporation is idle cash. On the contrary, the surplus account usually represents investment in the business for profits are often turned back into surplus because they are needed for improvements and extensions. Such use of profits may stimulate business and increase employment even more than paying them out to stockholders. It was also pointed out that a corporation that did not build up an adequate surplus would be very likely to fail in a period of depression that the tax made it more difficult for a new and growing business to accumulate capital for expansion and that, by disturbing their confidence in the future of business it made investors less willing to furnish funds for new undertakings which would give the people employment and income. The opponents of this surtax did not succeed in getting it abolished, but they were able to induce Congress to reduce it.

**Problems of Taxation** The revenue system of the United States has evolved under political pressure and compromise and without the application of consistent guiding principles. Such a system would necessarily be defective in many respects. It is not closely articulated with our national economy and therefore does not contribute its full share toward the development of that economy. It did not, for instance, contribute adequately toward speedy national recovery from the depression. The different taxes — federal, state, and local — have not as a rule been levied in accordance with sound scientific principles nor with a view to the building of a well integrated system of taxation.

*Inequality of the Tax Burden* A tax is considered *progressive* if it takes higher percentages from higher incomes, it is *regressive* if it takes higher percentages from lower incomes. In 1938 only 26.4 per cent of the total taxes were progressive, the other 73.6 per cent were regressive or levied with little or no consideration of the ability to pay.<sup>1</sup> The federal taxes as a whole are more progressive than the state and local. In 1938, 54.6 per cent of the federal revenues were progressive and only 28.8 per cent consisted of regressive consumption taxes.<sup>2</sup> However, since 1930

<sup>1</sup> D. Anderson, *Taxation, Recovery and Defense*, Monograph No. 20, Temporary National Economic Committee, Washington, D. C., 1940, p. 80.

<sup>2</sup> *Ibid.*, p. 83.

regressive federal taxes have increased much more rapidly than progressive taxes

The state taxes are much less progressive than are the federal. In 1938 only 18 per cent of the state revenues came from inheritance and income taxes while more than 80 per cent came from property sales and excise taxes. This means that the burden imposed upon the consumers generally by the state taxes is proportionally much greater than that imposed by the federal taxes. Since 92 per cent of local taxes are on property they are even less progressive than the state taxes<sup>1</sup>

Table XLVI shows the relation between savings and all taxes as a percentage of the consumer income. We note from this table that the total federal taxes were slightly regressive on incomes below \$1000 or on those groups that have no savings. After \$3000 they became increasingly progressive. The people earning less than \$1000 a year paid a higher percentage of their income for state and local taxes than those receiving higher incomes. This is largely due to the fact that sales taxes take a disproportionately

TABLE XLVI<sup>2</sup>

SAVINGS AND ALL TAXES\* AS A PERCENTAGE OF CONSUMER INCOME 1938-1939

Income Classes	Total Consumer Income (in Millions of Dollars)	Taxes as Percentage of Income			Savings as Percentage of Income
		Federal	State and Local	Total	
I Under \$500	\$ 2 363	7.9	14.0	21.9	- 24.3
II \$500 to \$1000	10 038	6.6	11.4	18.0	- 2.0
III \$1000 to \$1500	12 280	6.4	10.9	17.3	5.2
IV \$1500 to \$2000	10 210	6.6	11.2	17.8	5.8
V \$2000 to \$3000	12 194	6.4	11.1	17.5	9.6
VI \$3000 to \$5000	7 743	7.0	10.6	17.6	16.8
VII \$5000 to \$10 000	4 861	8.4	9.5	17.9	28.4
VIII \$10 000 to \$15 000	2 238	14.9	10.6	25.5	32.3
IX \$15 000 to \$20 000	1 601	19.8	11.9	31.7	32.3
X \$20 000 and over	6 333	27.2	10.6	37.8	38.3
Total	69 861	9.2	11.0	20.2	11.4

Business taxes were assumed to be shifted to consumer income

<sup>1</sup> D. Anderson *Taxation, Recovery and Defense* Monograph No. 20 Temporary National Economic Committee Washington D. C. 1940 p. 83

Source: Gerhard Colm *Who Pays the Taxes?* Monograph No. 3 Temporary National Economic Committee Washington D. C. 1941



larger amount from those who have to spend every cent they earn for consumers goods Those in the \$5000 to \$10 000 group seem to be especially favored by state and local governments

Another and more effective way to get an adequate understanding of the inequities of our tax system is to ascertain the average amount paid in taxes by each consumer unit<sup>1</sup> in this country Table XLVII indicates the income per consumer unit and the percentage and amount of that income which goes for taxes

*Duplications and Conflicts in Taxation* The composition of our governmental system presents a revenue problem of increasing importance The difficulty lies in the fact that all units of government need revenues and yet more revenues It is a question of which governmental units shall receive a larger or a smaller share of the tax dollar In 1912 the Federal government collected 28 per cent of the tax dollar the states 14 per cent and the local units of government, 58 per cent By 1939 if pay roll taxes be not included the Federal government collected about 39 per cent of the tax dollar the states about 25 per cent and the local

TABLE XLVII

EFFECT OF THE AMERICAN TAX SYSTEM ON THE VARIOUS INCOME CLASSES 1939

<i>Income Classes Range</i>	<i>Mean Income</i>	<i>Percentage of All Income Units</i>	<i>Percentage of Income Paid Out in Taxes Total</i>	<i>Average Amount per Income Unit</i>
I Under \$500	\$346	17 0	21 9	\$75 77
II \$500 to \$1000	847	29 5	18 0	152 46
III \$1000 to \$1500	1 381	22 1	17 3	239 91
IV \$1500 to \$2000	1 929	13 1	17 8	343 36
V \$2000 to \$3000	2 689	11 3	17 5	470 58
VI \$3000 to \$5000	4 121	4 6	17 6	725 30
VII \$5000 to \$10 000	7 741	1 5	17 9	1 385 64
VIII \$10 000 to \$15 000	12 872	4	25 5	3 282 36
IX \$15 000 to \$20 000	19 477	2	31 7	6 184 21
X \$20 000 and over	47 600	3	37 8	17 992 80
Total	1 693	100 0	20 2	

<sup>1</sup> Married or single<sup>2</sup> Source D Anderson *Taxation Recovery and Defense* Monograph No 20 Temporary National Economic Committee Washington D C 1940

units of government about 36 per cent (cities of 300 000 and over about 12 per cent and other local units about 24 per cent) In this period of approximately a quarter of a century the Federal government and the states have each gained about 11 per cent of the tax dollar and the local units have lost about 22 per cent

This does not mean, however, that the Federal government and the state governments spend all they collect for the Federal government returns to the states and local units of government, in the form of grants in aid and otherwise, considerable revenues probably one-eighth of the total collections Some states return revenues to the local units In fact, several states return a third or more of their total collections to the local units Colorado returns approximately one half On the other hand some states, such as Delaware, Minnesota Oregon, Texas, and West Virginia do not return any of their collections to the local units at least they have not done so for some years

There is much overlapping and duplication of taxation by the different units of government To be sure, the Federal government does not levy a property tax and it is the only unit which levies a customs tax Nor do the local units levy an income or an inheritance tax But with these and a few other possible exceptions of minor importance, it may be said that all units of government make use of the same sources of revenue This means duplicate and in many cases triplicate administration, with added costs and conflicting jurisdiction and sometimes the states and other units of government compete with one another for tax revenues It often means annoyance and loss of time for those who have to meet the requirements of many tax laws It might, in fact it sometimes does, mean robbing one unit of government to pay another Confiscation of property and income is sometimes at stake Recent developments indicate the dangers to interstate trade through the use of taxation to discriminate against the products of other states in favor of local and state products

Several plans have been advanced for the improvement of the administration of the tax system and to eliminate duplication One is the centralization of the whole tax system in the Federal government It cannot be denied that most taxes could be more

efficiently and economically administered through centralization That is true of income and inheritance taxes as well as of excise taxes Uniformity could be attained only through a nation wide single levy Those who oppose such a plan fear the dangers of too much centralization of power or the discouragement by centralization of experimentation and adaptation through local participation in tax matters

Another plan for the improvement of our tax system is to have the Federal government collect the taxes but to return to the states and local units of government a portion of the money This would make possible uniform rates but it would result in too much revenue in the wealthier sections of the country and not enough in the poorer sections if the Federal government served only as a collecting agency without the right to apportion on the basis of need It might, also encourage extravagant spending by local units since the spending agencies would have no responsibility for making the levy or the collection Grants in aid are part of a plan for overcoming local inequalities in tax resources It is to be hoped that in the near future the whole tax problem may be reexamined with the thought in mind of arriving at some equitable division of tax sources and of a simpler and less expensive and annoying administration of the whole tax system federal state and local

### THE FUTURE OF PUBLIC REVENUES AND TAXATION

With new problems facing the country because of the war the future developments in taxation are uncertain It is certain however that ever increasing amounts of revenues will be needed to meet the growing costs of the war

**Taxes and Total Defense** By passing two new revenue measures in 1940 Congress recognized the necessity of increasing taxes because of the program of total defense The first of these passed in June 1940, increased personal and corporation income taxes and excise taxes and was expected to increase the federal revenues one billion dollars per year for the next five years It lowered exemptions to \$800 for single persons and to \$2000 for married persons without dependents, increased the surtaxes on income between \$6000 and \$100,000 and added 10 per cent

to all income taxes. Excise rates on gasoline, tobacco and other commodities have been increased. The second act levied an excess profits tax which (allowing numerous exceptions for small companies) varied from 25 per cent on the first \$20 000 to 50 per cent on all profits above \$500 000. It allowed corporations 8 per cent on invested capital or the average earnings for the period from 1936 through 1939 as the normal earnings. A general exemption of \$5000 was allowed in either case before excess profits are assumed to begin for the purposes of the tax. These two revenue measures were clearly only a beginning in meeting the tremendous increases in appropriations necessary for preparation for total defense.

The Revenue Act of 1941, approved September 20 1941, imposed the highest taxes in our history up to that time. Its purpose was to provide for the expense of national defense by raising revenue the total amount of which was estimated to exceed the amount previously raised by some \$3 500 000 000 annually. The Act increased individual and corporation income taxes. It retained the normal tax of 4 per cent but imposed in addition a progressive surtax on all net incomes of individuals, lowered exemptions from \$800 to \$750 for single persons and from \$2000 to \$1500 for married persons and allowed the same exemption credits for the normal tax as before.

The Act also increased the excess profits taxes, the capital stock tax and the estate and gift taxes. It raised the existing excise tax rates and added many new excise taxes.

At the time these taxes seemed onerous indeed. But since that time taxes have been greatly increased. (Note the surtax rates and the rates in the Optional Table given above.) The national income has greatly increased with the war and this has been responsible in part for the increased revenue. However both income and excise rates have been increased while exemptions have been lowered in most cases. \$500 is now allowed for an individual whether single, married or dependent. The number of people who now pay federal income taxes is much greater than ever before.

In 1943 Congress refused to enact a large scale wartime tax program and the President vetoed the bill which Congress

was overridden and very few changes were made in the federal tax system. Additional yield produced through the Act was estimated at only around two billion dollars.

**Government Borrowing** Ordinarily it is easier for a government to meet a great increase in expenditures by selling bonds than by levying additional taxes. That, as everyone knows, is what the United States has been doing for the last ten years and will probably continue to be our policy for some time to come. In the long run, of course, paying the costs of government by borrowing brings penalties. To begin with, when a government sells bonds it must pay interest, and this interest ultimately becomes a heavy charge against taxes. Second, the banks themselves often buy the greater part of the government bonds, and this tends to inflate bank deposits and raise prices, just as would be the case if the banks made large loans to businessmen or speculators. If, however, the government borrows idle capital and spends it for social purposes, such as aid to the unemployed, the government has not hindered business activity because the capital used was idle, but has, however, increased the demand for consumption goods and thereby stimulated production, which, in turn, has put men back to work, stimulated business activity, increased the national income, and aided in the restoration of prosperity. If government bonds are sold to consumers, the immediate effect might be to reduce or prevent the rise of prices of consumers' goods by transferring purchasing power from the consumer to the government. This purchasing power could be used for defense purposes.

But even though continued government borrowing from banks and corporations is undesirable in an inflationary period, we must not accept the notion that spending borrowed funds is spending the income of future generations. In the first place, the funds which the government borrows are not future funds, but funds in existence *now*, and they can be spent only for goods and services in existence *now*. Of course, if they are borrowed abroad, the income of future generations will be reduced, because some day money or goods will have to be sent out of the country to pay principal and interest. But if they are borrowed at home, this will not happen, and repayment will reduce neither the purchasing power nor the real wealth of the

country as a whole. The only thing that will happen is that one group of people, the taxpayers, will give up money which the government will pay out to another group, the bondholders. Actually there will not even be two separate groups. The bondholders will all be taxpayers (whether they know it or not) and will furnish in taxes some of the very money that they will receive as interest or principal on their bonds. It is even possible that the bondholders will have paid in taxes the interest and principal of the bonds when due. This depends upon the nature of the tax structure.

Of course, the fact that repaying the bonds will not impoverish the country does not mean that it may not impoverish some taxpayers who are not bondholders. Incurring a large government debt may change the distribution of wealth and income among the people in the future. Moreover, a change in distribution may also have some effect on the total production or real income in the form of goods and services. About that our knowledge is not as adequate as we might wish. We do know, however, that the total real income of the nation in each generation produces that generation's goods and services.

TABLE XLVIII<sup>1</sup>

INTEREST ON DEBT RELATED TO NATIONAL INCOME PAID OUT 1921-1939

(Dollar Figures in Millions)

<i>Year</i>	<i>Interest Charges on Private Long term and Gov- ernment Debts</i>	<i>National Income Paid Out</i>	<i>Interest Charges as Percentage of National Income</i>
1921	\$4180	\$53 644	7.79
1923	4598	64 501	7.13
1925	5140	72 580	7.08
1927	5724	75 685	7.56
1929	6222	79 704	7.81
1931	6257	61 609	10.16
1933	5944	46 089	12.90
1935	5571	57 564	9.68
1937	5434	71 013	7.65
1939 (estimated)	5450	68 000	8.01

<sup>1</sup> Source: D. Anderson, *Taxation, Recovery and Defense*, Monograph No. 20, Temporary National Economic Committee, Washington, D. C., 1940, p. 216.

Because government borrowing and spending is a subject of much controversy, it is interesting to note that the ratio of interest charges on the total debt to the national income in 1939 was approximately what it was in 1929 (See Table XLVIII ) This is not an argument for continued increase of government borrowing, but it does indicate that the burden of debt is little or no greater today than it was in the prosperous twenties, due in large measure to the fact that the government is able to borrow money at lower rates of interest than before

**Planning** In recent years it has come to be quite widely accepted that taxation, borrowing, spending and general fiscal policy may be effectively employed as means of social control as methods of remedying undesirable economic conditions and as instruments for stabilizing our national economy There have been many suggestions for making fiscal policy more effective in these respects during the present emergency and following the cessation of the present war

J M Keynes proposed forced savings for low income groups possibly to be repaid by a capital levy at the close of the war when the production of consumers goods needs to be stimulated The Keynes plan is probably too radical to be given serious consideration in the United States In England however, forced savings are now applied to low income groups

**Constitutional Limitations on the Taxing Power of Congress** It should be pointed out that our federal Constitution places definite limitations on the taxing power of Congress Congress may tax to pay the debts and provide for the common defense and general welfare of the United States' All direct taxes except income taxes shall be apportioned among the states according to population and all indirect taxes shall be uniform Congress may not tax exports and courts have held that Congress may not use the taxing power to regulate something which under the Constitution Congress may not otherwise regulate The Supreme Court recently held that it is permissible for Congress to tax the salaries of state officials and the salaries of federal judges as long as the tax is not discriminatory Likewise, states may now tax the salaries of federal officials This decision reversed the former position of the Court on this subject namely, that the essential instrumentalities or agencies of the Federal gov-

ernment could not be taxed by the states and that such agencies of the states could not be taxed by the Federal government

This decision may have important consequences in the future with reference to tax exempt securities. Recently (December 1940) under authorization by Congress the Secretary of the Treasury has offered for sale for the first time in our history federal bonds the income from which is not exempt from taxation. This issue by the way was oversubscribed more than eight times. Possibly we are approaching the time when the serious problem of capital seeking tax exempt investments will disappear.

**Toward a National Tax Policy** The functions of modern government have expanded and multiplied to a point where the resources required for the effective discharge of public services are enormous when compared with previous epochs of history. In contemplating these large governmental expenditures it is well to remember that the occasion for them either did not exist in earlier times or that they represent merely a shift from private expenditures to public expenditures. The average citizen when he steps out of his peculiar role as a taxpayer and assumes the role of the recipient of a host of public services will be inclined to ask what he gets for these expenditures rather than merely to bemoan the amount.

Not only have the services that have been shifted from private individuals and voluntary agencies to government increased in number and quality but the complications of modern life have called into being entirely new services which were utterly unknown to our ancestors. Moreover the changed character of social life and our attempt to preserve old forms of government, even in the face of new conditions have led to the complication of government itself. Thus we have not only the beginnings of international government a greatly expanded national government and a multiplication of the functions of state government but also the persistence of a host of local governments. All too frequently those who object to the cost of government would be reluctant to abolish any of the existing governmental levels or functions. Our taxes therefore in part represent the price we pay for our unwillingness to rationalize our governmental structure.



Aside from the revenues necessary for the maintenance of government itself and the rendering of the services which the people demand of government our tax bill reflects in no small degree the cost of assessment administration and collection of taxes Tax experts agree that considerable savings could be achieved if we were to rationalize and integrate our assessment and tax collection mechanism so as to avoid the duplication that must inevitably result from the attempt of each level of government to maintain complete autonomy from all the others in the tax levying and collection process Some go even so far as to suggest that the Federal government assume the responsibility for centralized assessment and collection of taxes and for the redistribution to the state and local governments of their equitable share Others would not go so far but would tolerate even if they would not welcome the maintenance of two tax assessing and collecting agencies, namely the Federal government on the one hand and the state government on the other hand leaving it to the latter to collect not only its own taxes but also those to be distributed to the local governments The jealousy between the various levels of government and their competition for such tax revenue as is available is likely to inhibit a rational reorganization of our tax structure It is not unlikely however that the near future will see considerable progress made toward more efficient taxing procedures not only in the interests of economy but also to minimize fraud and to avoid conflict Progress in this direction will require a more widespread acceptance than we now have of the respective roles which each level of government is to play and a friendlier relationship between the various levels of government themselves

The end of the war confronts the nation the states, and the local governments with a number of critical problems of tax policy Many of the costs of war will continue into the period of peace The care and rehabilitation of the disabled is an obligation which will continue for a generation The armed services will require huge expenditures until the world as a whole returns to a condition of relative peace and security Our allies and the liberated countries will need such aid as we are able and willing to furnish Our own country will require considerable public expenditures to make up for the neglect of public facilities and

services during the war period. Our huge international war debt approaching the 300 million dollar mark will call for interest payments and reduction or retirement during the years to come. In the eventuality of unemployment incident to the readjustment of the American and world economy after the war our social security budget and our public works program may necessitate larger expenditures than are now anticipated. On the other hand there will probably be strong pressure to lower wartime tax rates to create incentives for capital investment and to provide additional purchasing power for consumers in order to create high levels of production, consumption, and employment. As long as scarcities of goods exist it may be desirable to prevent inflation by using taxation to limit consumption. When the period of scarcity comes to an end, however, this purchasing power may have to be released. A sound postwar tax policy must therefore take account not only of the short run interests of the government and our entire economy but also of our long-run national objectives and of the state of the world.

As was pointed out earlier in this chapter, taxation in modern society is not only important in its own right but can be a powerful instrument in affecting public policy and economic conditions. Tax policy can be instrumental in increasing or decreasing private investment in employment, trade, consumption, and the equalization of opportunities as between different groups of the population and different regions of the country. If the power to tax is the power to destroy, it is also the power to construct. In the development of a sound tax policy, therefore, it is important not merely to apply the canons of sound taxation set forth earlier but also to determine the ends we wish to accomplish through organized social action and to direct our tax policy to these ends.

#### TERMS TO BE UNDERSTOOD

canons of taxation	real estate
incidence of taxes	intangibles
real income	surtax
nontax revenues	customs
tax	pay roll taxes
sales tax	regressive tax
excise tax	progressive tax

## QUESTIONS FOR DISCUSSION

- 1 Name several taxes which seriously violate one or more of Adam Smith's canons of taxation. Defend your choice.
- 2 Can an individual shift his income tax to someone else? Why or why not?
- 3 Should stocks and bonds be taxed?
- 4 When the government spends borrowed money, does this reduce the future wealth and income of the country?
- 5 When are taxes too high?
- 6 What justification can you suggest for nontax revenues?
- 7 What are the advantages and disadvantages of the general property tax?
- 8 Justify a general sales tax if you favor one.
- 9 What has the income tax in its favor?
- 10 Would you favor higher inheritance and gift taxes? Why or why not?
- 11 What can you say for a tariff?
- 12 What are some major problems of tax administration?
- 13 Suggest a good tax system and indicate the sources for the local governments for the states and for the Federal government. Also suggest what you think should be done as to sharing sources.

## FOR FURTHER STUDY

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## CHAPTER 24

### PLANNING

#### THE MEANING OF PLANNING

Nearly a decade ago President Hoover's Research Committee on Recent Social Trends warned that this nation could have no assurance against revolution unless it coordinated its governmental, economic, scientific and educational forces by some form of long range, integrated national planning. Though the dire need for planning has been stressed over a period of many years, we have continuing evidence of a disinclination to take social planning seriously. President Roosevelt remarked in 1934:

I don't see why there is not more enthusiasm for planning except that there is nothing spectacular about it. We are very apt to favor the panaceas suggested legislation which, it is said, will cure all our troubles in thirty days. We are lazy. We don't like to think ahead but we have to look ahead.<sup>1</sup> Some believe that mere drifting will lead to eventual readjustment. Others are indignant about the idea of planning, firmly holding to the conviction that any encroachment on their individual activities is a danger to our democratic way of life; that planning means totalitarianism and dictatorship; that planning would precipitate the breakdown of private enterprise; or that nothing can be planned in a democratic society — that democratic planning is a contradiction in terms.

Yet an examination of the haphazard, relatively uncontrolled changes in our social structure during the last century and a half, with the resulting waste, confusion, and problems clearly indicates the need for planning. In our complex society it may well be that planning, nothing will eventually be overcompensated by planning everything.

<sup>1</sup> From an impromptu speech delivered in Washington on April 24, 1934, quoted in *Survey of Contemporary Sociology*, ed. by Henry Pratt Fairchild, Thomas Nelson & Sons, New York, 1934, pp. 716-717.

**What Is Planning?** We have all been admonished to plan for a rainy day. All of us plan to some degree for tomorrow for the future. At some time in some way we plan our personal and household expenditure, our education, and even our amusements. A great deal of planning is inevitable in business. Raw materials must be acquired, machinery assembled, labor hired, production managed, sales campaigns outlined, deliveries scheduled, and overall coordination and supervision exercised if the enterprise is to prosper. Although every modern businessman would immediately recognize the need for this type of planning in his own business, many would question its indispensability in the larger affairs of government and society. The planning with which this chapter deals is an extension of the rationality we prize so highly in our personal affairs to more comprehensive undertakings which promote the general well being, the health, the security, and the welfare of an entire society. A 'plan' in the abstract suggests some form of organization which will meet certain definite needs and solve certain definite problems. It suggests the completeness of a conception, within which the various elements which comprise it are in organic relation to one another and to the whole.<sup>1</sup> Charles E. Merriam, of the National Resources Planning Board, defined planning as

an organized effort to utilize social intelligence in the determination of national policies. Planning is based upon fundamental facts regarding resources carefully assembled and thoroughly analyzed, upon a look around at the various factors which must be brought together in order to avoid clashing of policies or lack of unity in general direction, upon a look forward as well as a look around and a look backward. Considering our resources and trends as carefully as possible and considering the emerging problems, planners look forward to the determination of long time policies.<sup>2</sup>

There is no simple foolproof formula for planning. It cannot be regarded as a set of rules to be carried over from one situation to another but must be based upon comprehensive knowledge of changing conditions and situations. The applicability of a plan which meets today's requirements may be extended into future

<sup>1</sup> *Urban Planning and Land Policies*. Vol. II of the Supplementary Report of the Urbanism Committee to the National Resources Committee. U. S. Government Printing Office, Washington, D. C. 1939, p. 81.

<sup>2</sup> *Planning in a Democracy*. *American Planning and Civic Annual 1940*. American Society of Planning Officials, Chicago, 1941, p. 5.

years only insofar as it is possible successfully to interpret and predict future trends. Though present day social and scientific knowledge enables planners to formulate a more exact appraisal of future conditions and needs than ever before yet new inventions new ways and standards of living new social forces, will upset the best laid plans. Plans must be dynamic they must not only stimulate change but must be capable of change in themselves.

Public planning is not a recent innovation but has figured in various forms from the very beginning of our national life. The Constitution is an excellent example of large scale planning in this country containing in addition to its framework for a democratic form of government, special plans concerning tariffs, currency, interstate commerce and international relations. As early as 1791 Alexander Hamilton in his *Report on Manufactures* presented a careful consideration of the national problems of economics and government and suggested policies to be followed. Hamilton's plan may be matched by Albert Gallatin's report as President Jefferson's Secretary of the Treasury suggesting a program of internal improvements. Tariffs and internal improvements were prominent in Henry Clay's famous 'American System' developed in 1820 and the tariff policy of this country in succeeding years was a kind of planning, even though it was not always intelligent. The American homestead policy (1862) showed similar evidence of planning for public welfare. Also notable in early national planning was the policy of public education which rested largely on the extensive grants of public land for school and college purposes.

After the Civil War it began to be evident that large business enterprises were not always conducted in the public interest. Government intervention expressed itself in the establishment of the Interstate Commerce Commission in 1887, and the passage of the Sherman Antitrust Act in 1890. The organization of the Federal Trade Commission, followed by a series of similar national and state legislation had the same general purpose.

In 1908 President Theodore Roosevelt gave impetus to the conservation program when he appointed a commission to make an inventory of the natural resources of the country. The results of this commission's findings were published in three volumes.

which are considered the first authentic inventory of the natural resources of our country. It was very evident that if the movement was to make any progress a nation wide program should be inaugurated. In 1909 the National Conservation Association was organized. This organization was to act as a clearinghouse for organizations doing related work and to foster and promote the formation of similar groups among the several states.

During the First World War our attention was centered on the mobilization of all our resources under the stimulus of the war objective. Plans for this mobilization of resources were directed by such governmental agencies as the War Industries Board, the War Trade Board, the Shipping Board, the War Labor Board, the Food Administration, the Fuel Administration, and the Railroad Administration, with their various subsidiaries. These war time controls were for the most part discontinued after the armistice, but the economic turmoil of the postwar period called attention to continuing planning problems.

The American Engineering Council made a report on *Waste in Industry* in 1921 which stimulated attacks on waste, demands for standardization, simplification, research in productive efficiency, and long time plans for stabilization in industry. This was followed by developments in planning by the Department of Commerce. These aimed at an increase of profits through improved methods of management and greater markets. Later plans for public work expenditures to be made over a period of years in accordance with fluctuations in the business cycle were developed by Senator Wagner and President Hoover and resulted in the organization of the Federal Employment Stabilization Board.<sup>1</sup> The information gathered by this board facilitated the work of construction undertaken on a large scale by the Public Works Administration in 1933.

Within the last twenty five years planning facilities have undergone a tremendous growth. Over a thousand cities have planning agencies, one-quarter of our 3000 counties have planning boards, and most of the states have established state and regional planning agencies. Within the last decade the United States government has developed large scale enterprises which deal with

<sup>1</sup> Planning in a Democracy. *American Planning and Civic Annual 1940*. American Society of Planning Officials. Chicago 1941. p. 175.



planning in agriculture in employment, labor and industry in land water, mineral, and energy uses in public works for finance and loans for social security old age pensions, and relief and for education and scientific studies Later this chapter will discuss in greater detail some of the outstanding governmental planning efforts which have been attempted in the city county state and region These efforts have just begun and despite differences of opinion as to their policy and administration, there is general agreement that we are beginning to deal positively and often successfully with our national resources material and human

**Levels of Governmental Planning** Levels of governmental planning are frequently classified in accordance with the scope of area covered by the plan that is local or city county regional state and national Such territorial and political classification is not wholly adequate since localities and levels of government are interrelated and interdependent The interests of city planning are tied up with those of the county and region These local agencies in turn can avoid duplication and waste only through cooperation with state planning agencies while the states are all directly concerned with the large scale conservation, economic, and social measures of national planning

**City Planning** City planning aims to study the major factors affecting our cities today It aims to discover and analyze the problems of our changing society and to foresee and direct the future needs of the community City planning like planning in general, must consider all phases of urban life physical industrial commercial social and psychological

The idea of urban planning is not new Many ancient and Oriental cities were planned to afford the best means of defense (The ancient plan generally called for a great wall a royal quarter with palaces temples and gardens and a lower city which contained the homes of the masses and the market places ) Neither was planning as related to design strange to medieval towns though these were usually built more irregularly than the ancient cities The increase of population and the development of commerce and industry in many cities during the Middle Ages forced the population to spread out beyond the limits of

the walls, which were frequently torn down and rebuilt to include outlying areas

The plans of many cities in the United States were influenced by plans started by the Anglo Saxon pioneers in New England. Neat villages, towns, and cities with functional layouts were designed for a maximum growth in relation to the countryside and farms. In the early part of the nineteenth century Major L. Enfant came over from France to make a plan for our national capital at Washington. But these instances of planning commendable in themselves indicate only slightly the scope of organized planning as we understand it today.

At the beginning of the present century there was a revival of city planning on a more extensive and scientific scale. The *Chicago Plan*, the first important contemporary development in organized city planning, was worked out by Daniel Burnham for the World's Fair of 1893.<sup>1</sup>

Perhaps the largest survey ever undertaken was that made of New York City and its environs after the First World War. A comprehensive report was published containing recommendations for the reconstruction of this great metropolis.<sup>2</sup> Other municipalities have widely imitated the Chicago and New York plans. Today there are over a thousand cities with planning commissions, each one of which has its varying problems, aims, and achievements.

*Reasons for City Planning* The increasing complexity of modern life has changed the earlier conceptions of the duties of planning which were largely limited to land use, design, and other physical factors. Though planning today definitely includes those material and visible aspects which enable the community to control and best develop its land and resources, increasing emphasis is being placed on social values. Solutions to the city's problems require social and economic changes and improvements of such factors as unemployment, machine production, income, housing, recreation, and standards of living. For example, new locations and sources for raw materials, changes in technology, and new require

<sup>1</sup> Daniel H. Burnham and Edward H. Bennett, *Plan of Chicago*, Charles Moore, editor, Chicago Commercial Club, Chicago, 1909. See also Walter D. Moody, *What of the City?*, A. C. McClurg & Company, Chicago, 1919.

For a popular presentation of the *Regional Plan of New York and Its Environs*, see R. L. Duffus, *Making a Metropolis*, New York, Harper & Brothers, 1930.

ments of industry have created difficulties for many of our cities. Some of them have been impoverished by the removal of their industries to new locations, while others have been disorganized by rapid unplanned growth. Today, planning must take all these factors into account. Changes in the trends of population growth will be of vital importance in planning for the physical and social future of the city. A few of the probable effects of the decline in the birth rate and the increase of life expectancy — in addition to an increasingly older population — are listed

1 Rapidly increasing urban populations have been the main cause for the great rise in real-estate values. A declining urban growth may be expected to have great effect on these values with particular severity on business properties.

2 Smaller families and changes in age composition are likely to decrease the demand for large single family homes and increase that for small apartments.

3 Alterations in public facilities could be expected to accommodate the changing population. Fewer new school buildings and institutions for the care of children would be needed, etc.

4 There should be increased opportunity for extended education and vocational guidance.

5 The cost of public services should be lower with a more stable and compact community.

6 A stationary or slow growing population would probably result in higher standards of living which would increase the demand for a higher quality of land and neighborhood.<sup>1</sup>

The trends in population, industry, and age composition clearly indicate new conditions and problems which have hitherto been neglected. Cities have grown at an unprecedented rate of speed with an accompaniment of chaos, congestion, and waste. In the course of the flight of the more prosperous citizens to the suburbs, large sections of the city have been neglected and allowed to rot. The blight has often been contagious and has spread to ever increasing areas within the city. The trend toward decentralization of our great urban centers has already been indicated. It can be traced in part to problems caused by the failure to plan and direct urban growth constructively for the welfare of the community.

<sup>1</sup> Adapted from L. Segoe, *Population and Industrial Trends, Planning for the Future of American Cities*, American Society of Planning Officials, Chicago, 1935, pp. 6-8.

The urban metropolitan area forces upon us as humans what is at best an artificial and unsatisfactory environment and mode of living. Accordingly we seek through planning — through improved housing, better land use, increased recreation facilities and the many other objectives of modern planning effort to ameliorate in so far as this is possible the most obviously disagreeable features of the city environment.<sup>1</sup>

Some of the means used for city planning and rehabilitation will be shown in the following sections.

*Characteristics of City Planning* Much of what is known today as planning has been of a short range, piecemeal type. The value of long range urban planning, which involves consideration and allowance for different trends which may bring about future changes, has only recently been recognized. The absence of long range planning is not entirely the fault of our past city planners or even of the apathy of the general public, since congestion and disorder were associated with rapid growth and rapid growth spelled prosperity. The dangers inherent in disorder and congestion were not recognized, nor, for that matter, are they always recognized today.

This long range kind of planning requires comprehensive organization and programming. The typical city planning program today is usually based on three principal steps, which are briefly outlined here: (1) Appointment of a planning board, composed of experts and community leaders; (2) an inventory of the city's resources through physical, economic, and social surveys, including trends in population growth, industries, structures, land use, transportation facilities, and institutions; and (3) the interpretation of the surveys and the making of specific plans for their execution. These plans may be either *short range*, affording immediate solutions, or *long range*, which will provide for future changes.

Generally, the principal divisions of a city plan include: (1) a plan for the regulation of traffic and transportation means, such as railway tracks, stations and routes, streetcar and bus lines, airlines, highways, waterways; (2) a street plan regulating the types, patterns, and uses of streets; (3) a zoning plan which involves designations and restrictions for land and building use.

<sup>1</sup> Charles Gordon, "Transportation as an Element in Urban Rehabilitation," *National Conference on Planning, 1939*, American Society of Planning Officials, Chicago, p. 22.

(4) plans for the design and construction of private and public buildings (5) plans for recreational facilities, such as parks, boulevards, and playgrounds (6) financial plans involving special assessments bonds issues and anticipated revenues and expenditures (7) plans for public services and their use, including utilities waste disposal and water supply

These items present a general outline of a comprehensive city plan. The specific nature and details of the plan will naturally vary from city to city depending upon the problems and the factors most emphasized. No attempt has been made to show all the requirements and problems of an actual city plan however in order that the student may have some idea of the factors involved in each part of the city plan a few of them are here briefly discussed.

*Traffic and Transportation Plans* The value of urban property is largely dependent upon its convenience of access to the maximum number of people. Changes in the city's transportation system are likely to cause properties to decrease or swell in usefulness and value. The city planners can, then, through manipulation of transportation planning, affect the other physical factors of the city plan.

The importance of transportation has been recognized to some degree in all urban areas. But the tremendous growth of population and the increased use of the automobile have outmoded many streets planned years ago for a different volume and type of traffic. Severe congestion has been inevitable. In an attempt to solve the problem some cities have widened their streets or have taken measures to control congestion by regulating or prohibiting parking on public streets. Most of our major cities are providing new highways sometimes in the form of spectacular engineering projects. Plans for the construction of elaborate high speed grade separated highway arteries are being advanced and promoted. These improvements designed to overcome the lack of intelligent planning and foresight in the past have not yet solved the traffic problem particularly the major problem of inadequate internal circulatory facilities<sup>1</sup>

A comprehensive plan for transportation involves an analysis of the main arteries of travel with a view to alleviating traffic

<sup>1</sup> *Ibid* p 23

congestion A number of suggestions have been offered The main arteries of travel should connect with the highways coming into the city Traffic should be classified and streets should be provided for each class of travel The arterial highways should be able to carry fast moving traffic with the fewest possible number of stops Drives and boulevards should be laid out to connect parks and should follow routes of natural beauty There should be proper connections between streets and highways leading into the country or to different cities adequate traffic connections between freight terminals and the waterfront or between these two and the business section elimination of grade crossings which are unnecessary hazards proper location of airports for easy accessibility to the city safety features in traffic regulations such as pedestrian tunnels viaducts and super highways and through streets for certain types of vehicles<sup>1</sup> Railroad passenger and freight lines and terminals and long distance bus transport as well as water transportation are essential parts of the urban transportation plan Street planning must consider the traffic needs and uses of streets whether for business, residential or industrial purposes and accordingly arrange the width curbs sidewalks scenery and safety measures This layout and spacing of thoroughfares would indicate definite locations for residential business or industrial district development in the future and can avoid such mistakes as the location of schools, libraries and hospitals on through traffic streets

In general, city and regional planners are directing much attention to plans as noted above, namely to expediting the flow of automobile traffic It should be noted that such construction would not solve the internal transportation problems of cities since it is mostly limited to automobile riders and overlooks the needs of the masses who suffer most from the congestion of our cities A comprehensive traffic plan will have to provide public transit facilities for the masses before the basic traffic confusions and disorders of the city can be remedied

*Zoning* Zoning consists of organized control of the use of public and private lands to the greatest advantage of the general public Today most American cities have some kind of zoning ordinance in effect Indeed zoning is the most prevalent

<sup>1</sup>R T Ely and G S Wehrwein *Land Economics* New York 1940 p 160

example of United States planning today The American Society of Planning Officials has estimated that there are approximately 1700 zoned cities in the United States representing over three fourths of the urban population of the city

Zoning generally establishes certain *use areas* according to their chief functions mainly residential, commercial and industrial Through zoning a district designated to a given use may be kept free from any encroachments which might depreciate the value of the property endanger the health morals or safety of its inhabitants or affect the future use of the neighborhood

Zoning further establishes restrictions and special uses within a given area For example certain streets in a residential area might be devoted to business uses Some residential areas might be limited to single family dwellings others to two story structures or multifamily buildings Thus through the maintenance of homogeneity and the stabilization of values districts dominated by one type of structure and use are protected against the invasion of other types deemed unsuitable for that area

Zoning ordinances generally establish restrictions governing the height of structures Regulations of height vary in different districts with different uses and usually prohibit the establishment of buildings which will shut out light and air or obstruct the view from other structures Considerations of safety influence the heights of buildings since those which are too high are frequently dangerous in case of fire storms and earthquakes

Zoning ordinances generally establish restrictions as to the amount of land area to be used by certain structures In some areas especially industrial a building may cover an entire lot while in other districts particularly higher priced residential areas only a fraction of a lot may be built upon

The regulations and restrictions found in zoning ordinances are within the police power of the states in accordance with a Supreme Court decision which upheld such ordinances as constitutional Through the use of this police power the city may restrict or restrain a person from using his land in certain ways injurious to the welfare of others

Today most zoning ordinances are in need of revision Many were written without a plan and were defective from a long range point of view many of them are obsolete and antiquated most of

them are not strictly enforced and are subject to the pressures of special interests. In many instances areas which are already troubled with delinquency, fire and health hazards, housing shortage or congestion are not zoned with a view to decreasing the density in that area. Most cities today are overzoned for business uses. To be truly effective zoning will have to apportion the quantity of business, residential or industrial uses suitable not only to land areas but in relation to probable population trends and integrated with a comprehensive plan for the entire community.

*The Spread of City Planning* Remarkable changes in the life activities and growth of the city have occurred during the past generation. We note the growing decentralization with suburbs and satellite towns on the outlying areas of the city increasing in size and population. The modern city following the fundamental changes of economic structure, the new conditions and needs of social life, burst its bounds sprawling over the countryside. Areas lying outside the city proper now easily accessible through the development of rapid transportation and instant intercommunication, offered an escape from the congestion, restrictions, and high costs of the city, and new political units and separate governments originated as these outlying areas developed. City planners, busy with their own local municipal problems, did very little to integrate the peripheral communities with the 'nucleus city' or to define and restrict land use and services in advance of unsound development. In most instances the central cities did not have the legal powers to deal with the planning problems of the areas outside the municipal domain. Yet the city and country life within the trade areas of the city is highly interdependent and economically integrated. City problems like the city itself do not end at the political boundaries, which so frequently arise by pure chance. Within the last twenty five years the idea of the city planning movement, like the city itself, has broken its boundaries and spread to larger and more inclusive areas.

**County Planning** County planning has grown out of city and state planning and may have many of the characteristics of each. Where counties are urban in nature, their planning is an outgrowth of city planning where counties are predomi-



nantly rural it is an outgrowth of state planning Problems which extend from the city to the county and are dealt with by county and regional planners will be discussed later under Regional Planning

Though there are a few examples of predominantly urban counties county planning boards and committees have originated, in the main, not as extensions of city planning but for the purpose of planning agricultural land use and coordinating the many activities of farm communities The need for this kind of planning has grown out of major agricultural problems chiefly resulting from past land policies These problems include overexpansion of crop lands beyond present needs loss of irreplaceable top soil on millions of acres through erosion floods and dust storms resulting from major changes in vegetative covering and artificial drainage stranded individuals and communities on cutover forest lands the decline or extinction of wildlife Farmers acting individually to combat these problems can do very little, group action and public action are also needed <sup>1</sup>

The rural planning system is a development of the agricultural extension service of the Department of Agriculture and the agricultural land grant colleges which originally limited their work largely to teaching the farmer new techniques With the introduction of new agencies for soil conservation crop regulation and other features of the present farm program the farmers began to recognize the need for coordinating these activities with a community plan To meet this need the Department of Agriculture was reorganized in 1938 with certain divisions appointed for the development of general planning work An agreement was made between the land grant colleges and the Department of Agriculture which provides for establishment of an agricultural land use planning committee in each county engaged in land use planning

County planning as seen by the United States Department of Agriculture and its agencies operates along the following lines First a general inventory is made by the committee covering the

<sup>1</sup> Address by Gladwin E Young to the Mid West Sociological Society Des Moines Iowa April 19 1940 published by the U S Department of Agriculture Bureau of Agricultural Economics Washington D C

county, its land, people and its economic and social structure. This is followed by an analysis of factors that have caused or contributed to the prevailing problems. Maps are made classifying land according to its best suited uses. Such an inventory and analysis is designed to give county committees a comprehensive view of problems of population increase or decline, crop yields, land abandonment, soil erosion and depletion, tax delinquency, living standards, farm tenancy, health standards, school facilities, road building costs, public debt, farming practices, rural relief, mortgage foreclosures, and similar problems directly or indirectly related to the land.<sup>1</sup>

The land use planning program, in twelve months after its origination, reached 1120 of the over 3000 counties in the United States. By 1940 more than 70 000 farmers were members of organized county and community planning committees. Although numerous studies, inventories and land classification maps have been developed by county plan committees, the county movement is still largely experimental. There are many instances of definite action taken on the basis of recommendations made by the land use planning committees, a few of which are

- 1 Organization of soil conservation districts
- 2 In a few cases, consolidation of townships
- 3 Land classification maps have been used as a basis for recommending and determining rural zoning ordinances, location of tax delinquent areas not to be resold, priorities for expenditures on roads, locations of REA lines, relocation of CCC camps (in conjunction with the Soil Conservation Service), submarginal land acquisition and rural rehabilitation.<sup>2</sup>

Territorially, counties are not adequate units of governmental administration. Slow, cumbersome forms of early transportation influenced the size of many of our counties, most of which originated at that time. Their boundaries too were largely accidental and these have been retained despite changing conditions, largely through the forces of local habits, local pride, local politics and patronage. Today it has been estimated that the

<sup>1</sup> Address by Gladwin E. Young to the Mid West Sociological Society, De Moines, Iowa, April 19, 1940, published by the U. S. Department of Agriculture, Bureau of Agricultural Economics, Washington, D. C.

*Ibid*

counties in the United States could well be reduced to one third their number

Adequate intrastate regional planning and persistent emphasis on the inefficiency of present county government may in time result in a reorganization of counties. But for planning purposes, counties have to be reckoned with in their present form especially since there is little evidence of immediate reorganization. The county planning measures discussed above in any event could in no way impair such county reorganization rather efficient planning should more clearly reveal the inadequacies of the units as they now exist

**Regional Planning** The term regional planning applies to a variety of areas. The region denotes an area where there is such a degree of geographical social economic or cultural cohesion and unity as to set it off from surrounding areas. The boundaries of the region are generally ambiguous. The type and extent of the region will depend upon the nature of its ties that is whether the limits are primarily geographic or whether it is unified by means of economic resources or services, political organization or racial similarities. Regions may vary from the metropolitan region which may include a number of counties or even parts of several states, to a major portion or subdivision of the nation. One region may also be within a larger region, such as the metropolitan region within a more inclusive economic region. A brief classification<sup>1</sup> of types of regions will clarify the regional picture

*Metropolitan Regions* A study of the nature and extent of metropolitan areas shows the influence of the central city over its surrounding territories. (The Chicago Metropolitan Area, for example, extends 50 miles in all directions from the city center and covers fifteen counties and parts of three states<sup>1</sup>)

*Intermediate Regions* These are intermediate planning areas which are generally smaller than a state and which may be intrastate or interstate. Planning for regions of this type is not limited to the sphere of influence of a city but covers districts of various natures. For example the interurban Baltimore-Washington Annapolis district in Maryland and the Columbia

<sup>1</sup> Roy F. Bessey. Need for Regional Planning Legislation. *National Conference on Planning 1939*. American Society of Planning Officials. Chicago. p. 48

River Basin district in Washington are each considered as single planning units the former because of its common urban characteristics, the latter because it is affected by a single development project

*Subnational Regions* These are generally interstate Certain large areas in the United States with well-defined geographic economic or cultural ties have been recognized as subnational regions though specifications that describe the elements of a true subnational region have not yet been developed Among the examples of planning bodies for this type of region are the New England Regional Planning Commission the Pacific Northwest Regional Planning Commission, and the Tennessee Valley Authority

*General Reasons for Regional Planning* There are many reasons why planning is necessary for the various types of regions mentioned above As has been indicated the region is composed of numerous areas with common interests and problems Solution of the major problems generally requires the collaboration of a number of governments

Many of the vital problems confronted by the metropolitan region are also common to rural and intermediate regions These include political disunity duplication of special districts and wasteful local governments urban and industrial patterns water supply, transportation road construction power, utilities and public works Problems to be considered in other types of regions include agriculture drainage basin development and utilization land use, soil and forest conservation These problems cannot be dealt with by one area alone, but require a regional approach

The problems connected with regional planning vary greatly with the type of area with individual areas and with the objectives of the plans themselves The Urbanism Report of the National Resources Committee cites the objectives of planning in the metropolitan region as follows

- 1 The checking of overconcentration of population industry and urban activity in limited areas and the ills attendant upon such overconcentration
- 2 The judicious reshaping of the urban community and its region by systematic development and redevelopment taking advantage of natural

shifts to loosen up the central areas of congestion and to create a more decentralized metropolitan pattern and

- 3 The extension of material and cultural advantages of urban life to a larger number of the population and offering to the lower income groups the somewhat less tenuous existence afforded by village and small town living <sup>1</sup>

The planning on an intermediate regional scale that is an area smaller than a state is concerned with the analysis conservation, development and utilization of all the area's resources. More specifically planning in such areas is important as a foundation for comprehensive state and national planning. A major problem of this class of planning area is the wide range of conditions found. The problems of organization in such an area are complex because one or more states a variety of administrative state districts and departments (such as highway sanitation land) several counties, and even the Federal government may be involved through ownership or interests in resources and activities. As in the case of the metropolitan region effective planning in intermediate regions depends largely upon cooperation between all local county, and state planning agencies. Although regional planning is so recent that concepts of its functions and limitations are still being evolved, many legislative provisions for district planning have been made in several states. Examples of this kind of regional planning may be found today in many parts of the country among them the Maryland State Planning Commission for the Baltimore Washington Annapolis area, the official Niagara Frontier Planning Board in New York, and the Chariton River Basin Planning Board, covering six counties in Iowa <sup>2</sup>

Planning for subnational regions involves problems and conditions many of which coincide with those encountered in national and state planning. One general reason for national planning, for example which runs parallel with regional planning is the need for coordinating the development and use of natural resources. Most of the states, numerous federal departments, territories and communities are engaged in conservation and

<sup>1</sup> Adapted from National Resources Committee *Our Cities Their Role in the National Economy* U S Government Printing Office Washington D C 1957 pp 84-85

<sup>2</sup> Bessey *op cit* pp 51-55

development of resources but each unit of government assumes only partial responsibility. Therefore the role of the far seeing coordinator must be taken by the national or regional planning agency.

The types and conditions of planning for large subnational regions are too diverse for anything but the briefest mention here. The full scope and variety of problems are stated in the regional planning series of reports of the National Resources Committee.<sup>1</sup> A glimpse here of certain problems and conditions in specific subnational regions which have already adopted some planning measures will give the student at least an insight into the factors involved.

The Pacific Northwest for example, is a relatively coherent subnational region. It has numerous problems whose solution must be accomplished by the region as a whole through extensive study, plans and programs. Among these problems may be mentioned that of land settlement. Over 10 000 farm families migrated and settled in Oregon Washington Idaho and western Montana during 1936 alone. This in itself has required an extensive program of land reclamation development of basic industries and conservation of natural resources. Other problems which constitute important reasons for regional planning are the depletion of vast forest resources and its effect upon dependent industries the development of water resources and power for irrigation, navigation, land development flood control and industries, mainly through development of the Columbia River system the conservation of fisheries, both in coastal and interstate waters. Still other problems relate to improvement of transportation, recreation, and public works.<sup>2</sup>

Problems such as those of the Pacific Northwest require collective action *between* the states for their solution. This applies to every other subnational region. Regional planning provides a

<sup>1</sup> Publications of the National Resources Committee U. S. Government Printing Office Washington D. C. 1936.

*D. nage Basin Problems and Programs*

*R. gional Planning Part I Pac fic Northwest*

*Reg onal Pl nning Part II St Lou s Region*

*Reg n l Plann g Part III New England*

See also Parts V VI and VII

<sup>2</sup> Roy F. Bessey *The Pacific Northwest New Horizons in Planning* American Society of Planning Officials Chicago 1939 pp 153-163

way of linking the states and the Federal government for closer cooperation in understanding and developing the resources of the entire region. The accomplishment of plans recommended by the regional planning commission will depend on their acceptance by state legislatures and local bodies. The regional agency may serve to improve public relations between the states by educating the public as well as local administrative units as to the nature of conditions and problems within the region.<sup>1</sup> Despite the recency of regional planning organization some noteworthy accomplishments have already been realized. The Pacific Northwest can again serve to illustrate work being done in this field. The examples here are necessarily generalized and brief.

The regional planning agency organized for the most part in 1934 does not aim at detailed specifications for the region but is rather working at the formation of desirable regional objectives, policies, and programs for the principal resources and for general development and progress. It has assisted state planning in that region. It has made numerous studies and reports, some of which are (1) a report on the Columbia Basin and its future reviewing problems, conditions, and possible future development of the region, organization for comprehensive planning, and submitting recommendations for the solution of problems within the region;<sup>2</sup> (2) a report and recommendations with respect to the conservation, development, and usage of the forest resources; (3) a report on the Pacific Northwest water resources and their development; and (4) a report on the conservation of nationally important scenic and recreational values. The regional planning commission has been and is considering those problems already mentioned such as migration of land settlers, land reclamation, and policies for federal power production and distribution, etc.<sup>3</sup>

It must be kept in mind that problems confronted by the Pacific Northwest will differ in type and extent from those of other subnational regions such as New England or the Great

<sup>1</sup> The problems of organization for planning on a regional basis are indicated in the reports of the National Resources Committee on *Regional Factors in National Planning*. U. S. Government Printing Office, Washington, D. C. 1935.

This report was subsequently issued by the National Resources Committee as *Regional Planning, Part I, Pacific Northwest*.

<sup>3</sup> Roy F. Bessey, *The Pacific Northwest*, op. cit. pp. 161-162.

Plains Regions which involves parts of ten states but does not include all of any one state. However, the ultimate objectives of regional planning commissions in all subnational regions are the same, to aid the best interests of the individual states through comprehensive over all consideration and planning planning which must moreover dovetail into the still larger configuration of the national pattern.

**State Planning** We have seen how many modern social and economic problems cannot be solved by local units whether they be city, county or state. With the increasing need for large scale planning the unsatisfactory nature of the state as a unit for planning has been repeatedly demonstrated. As previously shown this is a major reason for regional planning. A considerable amount of voluntary cooperation is found among different state governments. The spread of the idea of planning stimulated the states as sovereign bodies to recognize the possibilities of improving their own conditions by organizing planning agencies. In less than a decade there has been a remarkable growth of state responsibility for planning measures in terms of state conservation of land minerals and human resources. In 1933 there were few examples of state planning agencies though some activity in land use planning was evident in Michigan New York Illinois, Iowa, and Wisconsin. In that year the National Resources Committee recommended to the governors of the states the importance of establishing state planning agencies. Within a year and a half thirty two state legislatures passed acts setting up state agencies. Today there are forty seven state planning boards. The National Resources Planning Board cooperates with these agencies by assigning consultants to provide technical advice on planning studies, to help the state agencies carry out their plans.<sup>1</sup>

The activities typical of state planning boards in some half dozen states were reviewed by the Joint Conference on Planning

<sup>1</sup> A comprehensive outline of the cooperation between the National Resources Planning Board and local agencies including the region state county and city is given in National Resources Planning Board *Federal Aids to Local Planning* U S Government Printing Office Washington D C 1940.

*Planning for City State Region and Nation*, American Society of Planning Officials Chicago 1936 pp 81-102. For additional records of planning accomplishments refer to the American Society of Planning Officials reports published in 1935 1937 1938 1939 and 1940.



in 1936 In Massachusetts <sup>1</sup> for example the state planning board was appointed in 1935 and adopted the following eightfold program dealing with

- Land Agriculture forestry, geologic resources urban use
- Water Supply flow sanitation and flood control
- Power Production distribution and use
- Industry Trade and social conditions
- Recreation Extensive and intensive scenery, wildlife
- Transport Highway rail, air and water coordination
- Public Works Ten year state program and budget federal aid
- Community Planning Encouragement and advice

An Act passed in 1913 decreed that every city and town in Massachusetts having a population over 10 000 should create a planning board while towns having less than 10 000 population might do so This Act says further that such board

shall make careful studies of the resources possibilities and needs of the town particularly with respect to conditions injurious to the public health or otherwise in and about rented dwellings and make plans for the development of the municipality with special reference to proper housing of its inhabitants

When the state board was organized in 1935 it found 129 local planning agencies scattered throughout the state Many of them are inactive so far as studies plans and recommendations are concerned lacking the funds the public support and the assistance required to carry out the intent of the law Part of the job of the Massachusetts State Planning Board is to advise and cooperate with national, regional county municipal and other local planning housing and zoning agencies within the commonwealth for the purpose of promoting coordination between the state and local plans and development The State Planning Board will coordinate such plans as exist for streets parks and playgrounds, civic centers and public buildings with those of the neighboring communities <sup>2</sup>

**National Planning** The importance of integrating different classes of planning into over all master plans for the whole of the nation cannot be overemphasized Without national coordi

<sup>1</sup> Elisabeth M Herlihy Massachusetts pp 81-87

See National Resources Committee *State Planning — A Review of Activities and Progress* June 1935 and *The Future of State Planning* U S Government Printing Office Washington D C March 1938

nation and control comprehensive local planning will be difficult perhaps impossible to achieve. Like the parts of a giant machine the plans for rural and urban areas must be synchronized into the larger county plan the county plan into state plans state plans into regional and regional plans finally must fit into the national pattern. Lacking this coordination planning efforts will be disjointed and inefficient.

Planning for the nation first requires a central agency within the Federal government. Sectional planning beneficial as it might be is too frequently limited to the interests of its particular locale. Fortunately the foundation for such an agency has been laid through the organization of the National Resources Planning Board. This Board was formerly the National Resources Committee, National Resources Board and the National Planning Board (the latter organized in 1933). As a result of the Reorganization Act of 1939 the Board was reorganized and established in the Executive Office of the President as a central advisory research and planning agency. Its activities since 1933 have been along three major lines <sup>1</sup>

1 *State and regional planning* encouraging cooperation in planning among local state and federal agencies through its nine regional offices regional chairmen and counselors. Consultants have been made available to states to provide technical advice. Forty five drainage basin committees have been organized. Aerial studies have been made in such regions as the Upper Rio Grande Basin the Pecos Basin, the Southern Forest Region etc. These have led to

2 *National resources planning* including the preparation of a number of studies relating to the conservation of national resources. These reports outline possible lines of coordinated action and policy for consideration by Congress and the President.

3 *Long range studies* have been prepared at the President's request which outline a number of fields in which additional planning may be warranted.

The functions and activities of the Board as shown above represent work done prior to 1940. Its present functions are particularly directed along the following course

To advise the President from time to time of the trend of employment and business activity and of the existence or approach of periods of business depression and unemployment in the United States or in any substantial portion thereof and to recommend measures leading to the improvement and stabilization of economic conditions

To collect information concerning advance construction plans and estimates by all Federal agencies the States municipalities and other public and private agencies and to list for the President and the Congress all proposed public works in the order of their relative importance with respect to (1) the greatest good of the greatest number of people (2) the emergency necessities of the Nation and (3) the social economic and cultural advancement of the people of the United States <sup>1</sup>

Consultation services offered by the Board include (1) state public works programming demonstrations (2) state industrial location studies (3) planning in critical problem areas caused by the impact of defense establishments (4) preparation of plans for regional development and regional six year public works programs and (5) development of drainage basin plans and review of federal projects by drainage basin committees <sup>2</sup> Today the Board is largely concerned with problems of national defense. Studies and plans now under way are considering long range objectives as well as ways of meeting the more immediate needs of the emergency. The planning agency in its strictly advisory capacity can help to bring before those responsible for making decisions such recommendations as will best meet immediate defense needs and still maintain long range objectives.

**Planning in a Democracy.**<sup>3</sup> There are those who maintain that planning cannot be conducted in a democratic form of society but must be confined to totalitarian systems requires autocratic authority and uses widespread violence or the threat of violence. On the other hand the belief survives that democracy can meet the problems of life and can do so efficiently and without sacrificing the fundamental liberties of man.

Planning in a democracy assumes that the electorate understands what is meant by the term 'democracy' and that the people know what they want and deliberately plan for it. A full understanding of the nature of the democratic political society

<sup>1</sup> *Ibid* p 5

<sup>2</sup> *Ibid*

<sup>3</sup> See Charles E. Merriam *Planning in a Democracy American Planning and Civic Annual 1940* American Planning and Civic Association Washington D C 1940 which is freely drawn upon for this section

makes planning not only possible in a democracy but produces the sanest and soundest form of planning

Much of the criticism of democratic planning has come from those who hold that no substantial advance can be made toward the readjustment of our internal social problems unless all is planned in totalitarian style. There are others who cling to the conviction that governmental intervention, regulation, control or guidance is not only unnecessary but dangerous.

The basis of planning is not autocracy, totalitarianism, or violence but intelligent cooperation. The best results are obtained when the community has the power to decide what is best for the general welfare. It is the community that must decide what is good, what policies shall be adopted and how the program shall be administered. Sound planning entails foresight, cooperation, and the determination to carry out the desired aims.

Most people are willing to submerge their personal interests for a time at least to save life and property in a great catastrophe such as fire or flood. But when it comes to an extensive program of fire or flood prevention many types of peoples and wide varieties of personal interests and choices must be reconciled. Cooperation and coordination are the basis of any democratic plan.

Planning involves a variety of activities and may be directed toward a number of distinct objectives. It would be difficult to conceive of any contemporary society in which there is not a great deal of well considered planning for the future. In order to plan effectively, however, it is not necessary to plan everything. It is possible to have social planning without having a planned society.

**Social Planning** The primary reason for social planning is to afford an opportunity for every individual to live abundantly, to enjoy all that is included in the term 'living' and to aid in the development of the highest human capacities within his power of attainment. It has been stated many times that the fundamental wants of man are food, shelter, and clothing. It is a deplorable situation that a large part of our population is undernourished, ill housed and poorly clad.

Our population has not distributed itself over the surface of the

earth in an orderly fashion nor with any preconceived notions of the abundance or scarcity of the natural resources. There are wide regional disparities in levels of living and opportunities and there has been a great deal of movement — much of it random — on the part of our people to find more favorable places of settlement. As pointed out in Chapter 10, our rate of population growth has slowed down, which means that our economic order must be adjusted to meet the needs of a stationary population. We know that advances in medicine, sanitation and hygiene have prolonged the expectancy of life, which means that America is biologically growing older, while technological advances have geared our industrial machinery up to such a speed that only youth, stamina, alertness, and endurance have any place in its program.

Social and economic planning agencies may well direct their efforts toward a more rational treatment of these problems. Some of the objectives toward which planning activities have been directed may be considered in order to indicate the typical means and ends of planning.

*Planning for Housing* The provision of adequate housing presents one of the major social problems that confronts society today. To go into the nature of the problem, to explain the policies and functions of the various governmental agencies concerned, would only be repeating what has already been treated in Chapter 4. Suffice it here to say that not only is private enterprise in housing to a large extent subject to planning and public controls of various kinds, but an ever increasing proportion of the total housing effort is carried on by government itself and hence must be planned on a local and national scale.

*Planning for Health* Poor health is a concomitant of bad housing. The National Resources Planning Board has stated that a third of the population, those with incomes under \$750 a year, is receiving inadequate or no medical service. Hospital and other institutional facilities are insufficient in many communities, especially in rural areas. The federal Interdepartmental Committee on Health and Welfare estimated that it would cost the Federal, state and local governments \$850,000,000 a year to relieve these conditions. Students of the problem balance the country's annual loss of approximately ten billion dollars a year

from illness and premature death against this expenditure and hence believe it a wise investment <sup>1</sup>

The United States Public Health Service recently estimated that to provide minimum general hospital facilities for the rural areas would require 270 new hospitals with a total capacity of 15 500 beds and to provide adequate hospitalization for tuberculosis patients and the mentally diseased would require an additional expenditure of \$500 000 000

Among the public agencies that have concerned themselves with health planning are the local and state departments of health the United States Public Health Service, the Interdepartmental Committee to Coordinate Health and Welfare Activities created by the President in 1935 which fosters joint planning on the state and federal levels and a number of other federal agencies such as the Children's Bureau of the United States Department of Labor through its maternity and child welfare services the Bureau of Census through its statistical reports and the Federal Security Agency through a variety of functions

Privately endowed foundations as well as such nonofficial agencies as the American Red Cross the National Tuberculosis Association the American Social Hygiene Association and the National Committee for Mental Hygiene have made notable contributions in health planning through personnel and financial aid Such professional agencies as the American Medical Association the American Hospital Association the American Dental Association and the National Association for Public Health Nursing along with many others are cooperating with federal state and local agencies in a nation wide program of public health planning Probably the most unique attempt at health planning was that of the Committee on the Cost of Medical Care Its aim was to study the economic aspects of the prevention and care of sickness <sup>2</sup>

*Planning for Education* In recent decades the increased enrollment in secondary schools and institutions of higher learning has

<sup>1</sup> National Resources Planning Board *Our National Resources Facts and Problems*  
U S Government Printing Office Washington D C 1940

G B Galloway *et al* *Planning for America* Henry Holt and Company Inc  
New York 1941 Chap 22

caused serious complications in the communities which support them. The main support of public elementary and secondary schools comes from local tax levies on real property. This burden has become so great that in some instances the states have had to assume it themselves. There is an increasing demand that the Federal government provide funds for public education, especially to those states that are unable to pay for well equipped schools.

Educators have noticed that the public schools and even institutions of higher learning have enrolled many young persons who are not interested in the traditional academic courses. There is also a tendency on the part of some young people to stay in school because they cannot find work. Those who do leave school prematurely find that in competing with experienced workers for the proportionally smaller number of jobs they have little hope of success. The question then arises what is to be done with the group of young people between the ages of eighteen and twenty five who are not able for financial reasons to go to school or who do not care to and who are unable to get jobs.

Since 1933, the Federal government has felt it necessary to provide work and some measure of education on projects supported by federal relief funds. The Smith Hughes Act and the recent George Deen Act have provided facilities for vocational training and the National Youth Administration and Civilian Conservation Corps work have had an important share in this task. However notable as these Acts are they do not provide adequately for a long time educational planning program that will aid the young people to adjust themselves and earn a living in a changing world.

The National Education Association, the Progressive Educational Association and the National Congress of Parents and Teachers as well as many private foundations have spent time and money in measuring educational needs and in proposing improvements. One of the greatest obstacles to planning for education seems to be the inability of the various agencies to agree on a large coordinated planning effort.

*Planning for Social Security* Our present economic system is the result of a highly complex machine economy. In the past our attention has been centered on greater production and lower

cost per unit of output. Almost all planning has been directed to the productive mechanism itself. So intricate has become this structure that any maladjustment in the industry has caused social problems so grave as to draw to our attention the need for another type of planning — that in the interest of the individuals who operate the machines and who suffer from the fluctuations in employment which in turn affect society at large.

Planning for social security not only includes unemployment insurance, old age insurance, workmen's compensation, disability insurance, and health insurance, but also employment service, public assistance, public work projects, and public welfare generally. The basis for all planning for social security has been to provide a greater degree of security for those affected by the instability of our economic system.

The greatest menaces to the worker are the fear of loss of income through illness or accident, through old age, and through unemployment. Our present social security measures, although far from meeting the needs, represent a step forward. Future legislation will be confronted with the task of adjusting these inadequacies. The task that confronts our government today is to determine the scale of payments under each measure to secure the greatest degree of family protection while preserving individual initiative and offering least interference to the productive process.<sup>1</sup>

**Economic Planning** *Savings versus Capital Investment* If democracy is to thrive in a highly industrialized nation such as the United States it is necessary to maintain a high level of national income, which means a high plane of living. A fall in the level of the national income means a decrease in the income from property and in the number of jobs. Lack of jobs means a decrease in purchasing power while more goods are being offered at a price than will be taken from the market. This condition, if allowed to continue on the theory that all will right itself in due course of the business cycle, results in vast armies of unemployed and the loss of savings and security.

It has been suggested that unemployment could be lessened and a greater degree of economic stability could be maintained by planning the flow of capital and the amount of savings. In our

<sup>1</sup> Galloway *op cit* Chap. 24



economic order it is not to be expected that the individual or the businessman will so direct his spending and savings as to relieve unemployment and do away with depression nor can we hope for the government to accomplish this task alone. However in the past decade there has been a decided trend toward a greater amount of cooperation between government and business. The recent report of the National Resources Planning Board suggesting a six year program of capital expenditures to supplement lulls in business activity when the defense program slackens is evidence of this fact.

Other means for influencing investments and savings which the government may employ are its tax and fiscal systems.

If savings and investments are to be directed toward the attainment of a higher level of national income and full employment it will no doubt include planning measures for a better timed public works program. The social maladjustments resulting from prolonged depressions may be somewhat lessened by regulating the rate of saving, the revision of our fiscal system and perhaps governmental intervention in newer economic fields.

*Fiscal Policy* In the past decade no subjects have attracted more attention than that of government spending and unemployment. Economists have debated the relation of the rate of interest to saving and investment. Some say that full employment is the normal result of undisturbed economic processes and that our economic system has no inherent tendency toward full employment. If we accept the premise that full employment is not to be achieved in our modern society we cannot place the responsibility on private industry; likewise, if full employment is denied we cannot criticize the government for trying to relieve the condition.

Government intervention to restore an equilibrium may, for instance, be accomplished by lowering the interest rate and by purchasing securities, thus leaving the banks with a large amount of liquid funds, making investments in other fields more attractive. The gap between private employment and full employment may be closed by the provision of public funds. Our recent PWA and WPA projects and the activities of government lending agencies are examples of direct government action. Such employment of public funds has an indirect effect on private industry.

by creating a demand for materials in those industries that will, in turn demand more labor, thus adding to the purchasing power of an otherwise unemployed group

A wise and well planned fiscal policy will not compete with private industry in the investment of private capital because of higher interest rates or the employment of men who could otherwise be used in private industry This reasoning holds true only if full employment exists

History is replete with examples of social maladjustments resulting from the various phases of the business cycle What governmental planning is necessary to pick up the slack in private industry in periods of depression when and how much to taper off this assistance as private industry readjusts itself, and to what extent governmental aid may go without interfering too much with fundamental democratic institutions — all these command the attention of the most carefully organized and coordinated planning bodies

## THE CONSERVATION OF OUR NATURAL RESOURCES

**Land-use Planning** The two billion acres of land within the United States the rain and snow that fall on this land the rivers, waterfalls and lakes the coal, oil and other mineral deposits that lie on and beneath the land the people that live here and their multitude of talents skills and activities, form our natural and human resources The wealth of our nation is measured by the way we conserve, use and develop these resources

The westward march of our civilization adopted the attitude that America was a land to be exploited rather than developed The individualism of the frontier was a philosophy which developed naturally because of the absence of a pressure of population on the apparently limitless natural resources Since the beginning of the industrialization of the United States this mad rush to reap the rewards of a nation so richly endowed has proceeded leaving tragedy and waste in its wake Today we are paying the price of the wasteful planless use of our still great resources which continues virtually unchecked in many fields

Table XLIX reveals some interesting facts concerning the major uses of land in the United States (See also Fig 39 )

TABLE XLIX <sup>1</sup>  
MAJOR LAND USES IN THE UNITED STATES

	<i>Millions of Acres</i>	<i>Per Cent</i>
LAND IN FARMS		
Crop land harvested	359	18.9
Idle failure and waste	99	5.1
Plowable pasture	109	5.7
Nonplowable pasture	270	14.2
Woodland pasture	85	4.5
Woodland not pastured	65	3.4
Total	987	51.8
LAND NOT IN FARMS		
Private forest (grazed)	143	7.5
Public forest (grazed)	106	5.6
Private forest (not grazed)	151	7.9
Public forest (not grazed)	57	3.0
Private grazing land	126	6.6
Public grazing land	203	10.7
Cities and towns	12	7 —
Parks reservations etc	13	7 +
Roads railroads	23	1.1
Desert swamps rocky and dunes	83	4.4
Total	917	48.2
Total land	1904	100.0

When we consider that by far the greater part of the land is in private ownership, distributed widely over the entire United States we can understand the need for a national land program developed along regional state and local lines. Only about one quarter of the land is owned by the Federal government and that is located chiefly in the western states and is used for timber or wildlife production grazing and recreation. It has been estimated that of our total land area only about one fifth is under cultivation or 415 000 000 acres. Erosion has damaged approximately 76 000 000 acres to such an extent that they should be retired from cultivation.

Our present national land conservation policy has three major objectives (1) the classification of each acre of land with respect

<sup>1</sup> From National Resources Planning Board *Our National Resources Facts and Problems* U. S. Government Printing Office Washington D. C. 1940 p. 14

to its possible use potentialities (2) planning for the most economical utilization of land and (3) the reconciliation of national and regional policies with local resources and needs

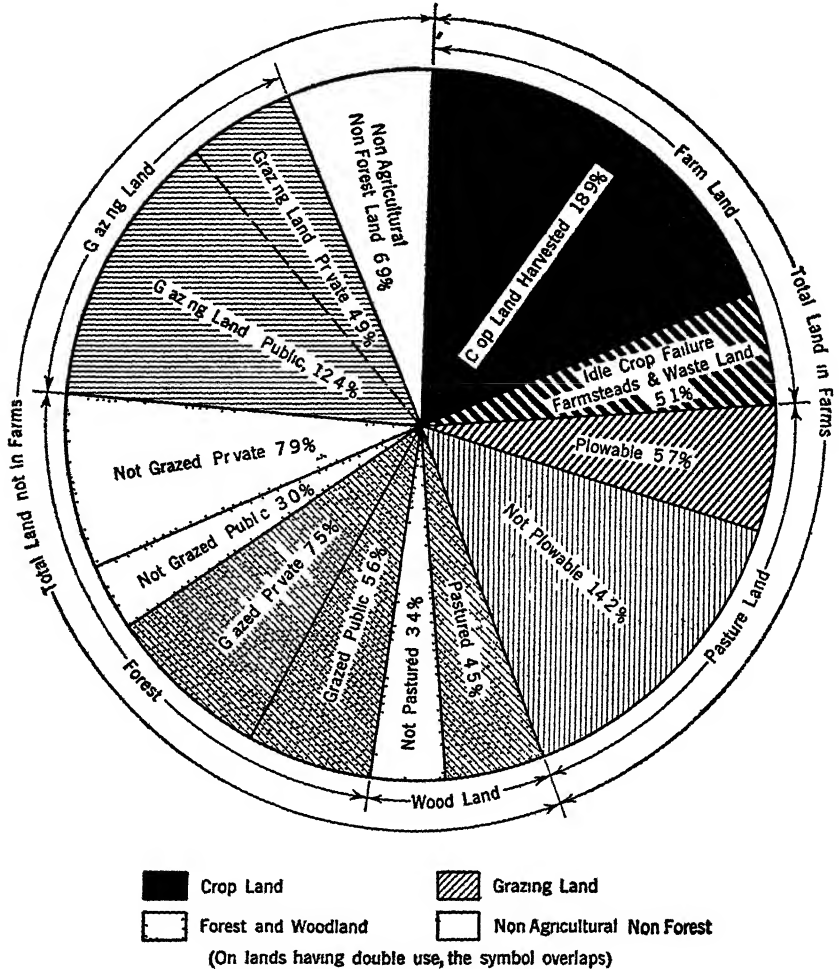


FIG 39 MAJOR USES OF LAND IN THE UNITED STATES

Total land in the United States is a little less than 2 billion acres From National Resources Planning Board *Our National Resources* Washington D C 1940 p 15

The soil survey of the Bureau of Plant Industry classifies land with respect to its use capabilities for specific crops Over one billion acres have been mapped by the topographic surveys which

furnish valuable information concerning the physical features of the land. This information is further supplemented by the Bureau of Agricultural Economics working in cooperation with similar state agencies in effecting desirable readjustments in types of farming and in furnishing information concerning major environmental influences.<sup>1</sup>

As an aid in reducing and preventing soil erosion the Soil Conservation Service has surveyed the needs of some eighty six million acres of land. The SCS recommended that farmers cooperate in checking sheet erosion by contour plowing which checks the waste of water by plowing at right angles rather than up and down hills, wise crop rotation and the construction of small check dams and reservoirs to conserve water, leaving the broader and more extensive conservation program to be carried out by the national government.

Among the measures proposed by the Soil Conservation Service were the withdrawal of submarginal crop lands from cultivation, terracing of slopes, construction of check dams, and the furtherance of crop rotation systems. Congress also authorized the extension of the service of the Civilian Conservation Corps to include private lands through cooperative agreements. Supplementing the SCS program are the activities of the Bureau of Land Reclamation, which has surveyed 1 250 000 acres with respect to topography, soil, and drainage in order to determine what portion should be placed under ditch and new irrigation projects. The main purpose of the Bureau however has to do with the repayment of the project costs and the limiting of the size of farm units.

*A Rural Urban Program* The major problems arising out of agricultural land use had their beginnings in the city. The lack of off farm employment opportunities in industry and the growing gap between the incomes of city and farm workers were responsible for a large measure of the agricultural distress of the early thirties. Consequently it has become more evident in the past decade that a program directed to rural land use alone will not be a solution for the human ills arising out of this disparity. Since 1933 the entire programming divisions of the Agricultural Adjustment Administration have been directed toward rural

<sup>1</sup> Galloway *op cit* pp 89-97

relief. It is apparent that if we are to attain the optimum standard of living for our rural and urban population there is a need for a systematic effort in the direction of a national policy directly affecting the general welfare of both groups at the same time. Some efforts in this direction are now being stimulated by the National Resources Planning Board and its integrated regional agencies in the districts of New England, the Pacific Northwest, the Southeast, and the Northern Lake States.

**Water Conservation** The water supply of a nation represents one of its major assets. The degree to which a people utilize this form of national wealth will depend upon the cooperation of the individuals in the interest of the general welfare. Water, besides being a vital necessity in everyday life for drinking, washing, and cooking, renders important services in transportation, irrigation, and as a source of power.

The conservation of our water resources is an important problem of social control. A city's pure and abundant water supply is a good illustration of a conscious adaptation of the physical environment to the needs of civilized man. The serious consequences of a lack of human control over water resources were dramatically emphasized during the floods of 1936.

Problems in any single water development generally relate to several other types of water use or control. Thus the hydro power problem may be complicated by requirements for navigation, water supply, waste dilution, or flood control. Irrigation may be complicated by water pollution, either natural or man-made. Therefore the solution of any one of these problems rests upon an integrated program.

The greatest problem confronting irrigation projects is that of cost. In many of the potentially irrigable areas the cost of operating an irrigation enterprise is at present believed to be prohibitive. The 1930 Census showed a total of 51,500,000 acres susceptible to irrigation, of which 19,000,000 were irrigated in 1929.

Under the Reclamation Act of 1902 the water users contracted to pay operating costs and to repay the government the construction costs without interest over a period of 40 years. Up to the present time (November 1941) about \$250,000,000 has been spent on projects comprising more than 3,000,000 acres. Since

1932 a supplemental water supply has been provided for 2 500 000 acres at a cost of \$300,000 000

Much of the interest in the land reclamation program in recent years has been stimulated by the westward migration of those farm families who have been driven from the drought areas of the Great Plains regions. It has been estimated that 50,000 such families have claimed the states of Idaho, Washington, Oregon, and California as their new homes.

*Multiple Purpose Projects* The National Resources Planning Board reports seventeen major drainage basins whose problems are of a regional character and of necessity involve the coordinated efforts of both federal and state interests. The Army engineers have built the Bonneville Dam on the Columbia River for both navigation and power and the Tygart Dam on the Kanawha River for navigation and flood control. The Bureau of Reclamation has built the Grand Coulee Dam on the Columbia and the Boulder Dam on the Colorado for irrigation flood control and power the latter project involving agreements with several states through an interstate compact. The Grand River Dam in Oklahoma was built by the state for flood control and was designated and paid for under federal authority. Under a special act of Congress based on the commerce clause of the Constitution, the Tennessee Valley Authority provides navigation facilities designed by the Army engineers and flood control and power designed by the Authority, with full consideration of other interests of the affected states.<sup>1</sup>

In the past decade great progress has been made in the techniques of water planning on the various governmental levels. The National Resources Planning Board has coordinated the activities of the major planning agencies and the forty five drainage basin committees in order that they may exchange views on survey and construction work in progress and thus receive the benefit of the most effective contribution which each agency is able to make.

The most far reaching advance in planning on the federal level was the issuance of an executive order by the President of the United States in 1940, providing for the clearance of all public

<sup>1</sup> National Resources Planning Board *Our National Resources Facts and Problems* op. cit.

works undertakings through the Bureau of the Budget and the office of the Natural Resources Planning Board. These offices are directly responsible for the various stages of initial investigation and of proposals for authorization, construction, and finance.

It is estimated that the undeveloped water power sites in the United States are capable of producing six times as much electric energy as those now developed. In horsepower developed by water per 1000 persons the United States is tenth among the nations of the world.<sup>1</sup>

**Energy Resources** The heat, light and power essential to our civilization are derived from the energy resources — coal, oil, natural gas and water power. The National Resources Planning Board's figures show the relative importance of the energy producing agents in 1937 to have been as follows: coal 54 per cent, petroleum 32 per cent, natural gas 10 per cent, and water power 4 per cent.

Since 1900 the rankings of the world's three main sources of power have been changing. In 1913 the relative positions of these three energy producing agents stood 89 per cent coal, 7 per cent petroleum, and 4 per cent water. This change is likely to continue until the irreplaceable agents are exhausted unless new sources of power are likely to come into use.

Insofar as the mineral fuels are concerned, we have an abundance in comparison with the rest of the world. However, quantities of the higher grade fuels — petroleum, natural gas and the superior coals — are limited. Recent studies indicate that the nation's energy resources should be safeguarded and that a sound national policy must be concerned with their conservation and prudent utilization. Conservation of our energy resources involves problems of conflicting economic interests and jurisdictions as to the best method of securing the wisest use of each resource. There is general agreement on a broad program of wise utilization of the energy resources, but the main difficulty lies with the short run point of view of vested interests as contrasted with the long term interests of all.

**Coal Resources** The United States alone, with well over 40 per cent of the known reserves, mines about 30 per cent of the

<sup>1</sup> Ellsworth Huntington, *Principles of Economic Geography*, John Wiley & Sons, Inc., New York, 1940, p. 517, table 31.



total annual production<sup>1</sup> From the standpoint of value coal ranks first among the energy producing resources The anthracite deposits of the United States, located chiefly in Pennsylvania are by far the most important in the world in both quality and quantity The most important bituminous fields are in the Appalachian Mountains, extending from Alabama to Pennsylvania The aggregate coal areas of the United States approximate 500,000 square miles, or about 13 per cent of the area of the country

The production of coal is distributed over thirty one states of the Union In 1940 bituminous coal accounted for 85 per cent of the output, or 500 000 000 tons More than a half million miners are employed in some 14 500 mines although 10 per cent of these mines produce as much as 80 per cent of the total supply

An additional problem presents itself in the conservation of coal when it is recalled that over 70 per cent of the known supply is distributed over approximately 85 per cent of the area of the United States To draw our present coal supply from all of such a wide area would tax the nation's methods and means of transportation beyond its present capacities There is all the more reason for concern when two states, Pennsylvania and West Virginia, produce more than one half of the output and have less than one tenth of the aggregate reserves

It has been estimated that at the present rate of depletion the best bituminous coal seams will be exhausted within three generations Pennsylvania has already given up about one fourth of its finest deposits One might add to this the fact that over 30 per cent of the mined coal is wasted, that the greater percentage of the remaining supply is of an inferior grade and that most recent conservative surveys show reductions of the aggregate estimates

**Petroleum Resources** Petroleum is important as a source of supply of gasoline kerosene, lubricants fuel oils and many other valuable products The industries of peace as well as the agencies of war are seriously concerned with our potential supplies of petroleum Petroleum is by no means the only source of gasoline Gasoline is produced from oil shales from coal including low grade material of little value otherwise and from natural gas

<sup>1</sup> Howard S. Patterson and Karl W. H. Scholz *Economic Problems of Modern Life* McGraw Hill Book Company Inc. New York 1937 pp. 403-411

In the United States about one tenth of the gasoline now comes from natural gas

*Distribution of Oil Production* Despite the rapid growth of oil fields in foreign lands the United States still continues to furnish almost two thirds of the world's total petroleum. From the standpoint of size and integration the industry compares with that of coal. There are thousands of companies engaged in some phase of production which is distributed over twenty one states. However, twenty companies account for approximately two thirds of the investment. California, which was formerly the leading producer in the United States and in the world, is now surpassed by Texas which alone produces a quarter of the world's production.

In 1940 the American Petroleum Institute placed the volume of proved reserves at 18 500 000 000 barrels with an energy value equal to about 5 000 000 000 tons of bituminous coal or that of 10 years' coal production. To maintain our present supply ratio to proved reserves would require the discovery of from two to two and one half billion barrels per year.

*Natural Gas* Vast quantities of natural gas are associated with petroleum in practically all oil fields. Our natural gas reserve has been variously estimated to be the equivalent of 4 to 5 billion tons of bituminous coal or almost equivalent to those of petroleum. Consumption of natural gas in 1940 approximated two and one half billion feet and an equivalent amount was wasted by being either blown into the air or idly burned.

Although about as much natural gas is wasted as is consumed it is a valuable product for heating and cooking, and in the earlier days it furnished much light. Today it is a source of dry ice and of helium for airships. It also accounts for about one tenth of our gasoline. The estimated value of the annual output in the United States is one half billion dollars.

Each of the energy producing agencies excepting water has been exploited on the ground that according to the law of the land its ownership is vested in him who first reduces it to possession regardless of the possible source from which it comes. Past attempts of private agencies to conserve these resources through cooperative means have been a failure. Attempts at production control through interstate agreements, *proration* and *unit pool*

operations have likewise proved ineffective<sup>1</sup> Consequently, some form of governmental aid and control has become increasingly necessary if the conservation of these resources is to proceed in the interest of all

## PLANNING UNDER VARIOUS TYPES OF GOVERNMENT

**Planned Economic Activity** Economic planning means the making of major economic decisions — what and how much is to be produced how when and where it is to be produced and to whom it is to be allocated — by the conscious decision of a determinate authority on the basis of a comprehensive survey of the economic system as a whole<sup>2</sup> In a society so planned rational coordination in the economy as a whole would be substituted for the separate and independent wills of a large number of economic agents, each of whom now makes his decisions in ignorance of all the others

Partial or piecemeal planning would be excluded for a balanced industrial society would be nonexistent unless each economic agent was forced to make his decision on the basis of the general welfare rather than the possibility of greater profits for himself Thus any scheme that deliberately controls the price level or the proportion between consumption goods industries and capital goods industries or the distribution of the national income among different social groups is an example of economic planning

In this sense economic planning implies the unification of property rights in the means of production In effect the planning authority would be vested with control of the factors of production Unified ownership of the means of production would mean little more to the enterpriser than a vested right to receive certain incomes based on the general product of planned industry However, unified ownership does not necessarily mean public

<sup>1</sup> Under proration each producer is given a quota which represents a fractional part of his total productive capacity Unit pool operation involves the formation of a pool directed by a single authority to whom individual operators surrender their private rights in exchange for a share of the proceeds of cooperative exploitation

<sup>2</sup> H D Dickenson *Economics of Socialism* Oxford University Press 1939

ownership nor does it imply that planning is conditioned upon public ownership of the means of production. It now remains for us to discover the place that planning occupies in various economic systems.

**Planning in an Individualistic Capitalistic Society** The philosophy of individualism had its beginning in the early part of the nineteenth century. Adam Smith, an ardent supporter of this theory, held that under conditions of free competition production would be guided by self-interest since each individual knew his own interests best. *Laissez faire*<sup>1</sup> and *caveat emptor*<sup>2</sup> were popular phrases of the day.

However, with the coming of the industrial era, the concentration of great amounts of capital in the hands of the few, and the attending effects of monopolies, combines, trusts, and trade agreements, the laissez faire theorists were forced to recognize that there was some limit to self-interest as an economic motive. Hence, modern industrialism rendered the individualism of the frontier and the simple economic society untenable.

In a free enterprise economy all planning is prompted by the profit motive directed toward the price structure. So strong has been the profit incentive that it has resulted in the control of production, the limiting of supply, the creation of artificial demand and price, as well as directing consumer choices by various advertising appeals. It is becoming evident that planning for these ends cannot be in the interests of the general welfare, and it now remains for us to consider whether there is a possible solution for this problem in a capitalistic society.

A capitalistic society is characterized by a system of free competition, free enterprise, and private property. All the means of production are privately owned and the profits accruing therefrom go to private persons rather than to the state. Two questions arise: (1) Can a planned organization of economic activity be combined with private ownership of the means of production? (2) Must this unification ultimately lead to public ownership and to the abolition of the income from private property, that is, to socialism, or is it possible that a planned economy would

<sup>1</sup> Let it do. Government is not to interfere with economic process or business.

<sup>2</sup> Let the buyer beware! In the absence of misrepresentation the seller is not responsible if the buyer purchases inferior goods.

continue to hand over a large proportion of its total product to a small class of renters? <sup>1</sup> Under our definition of capitalism both of these questions must be answered in the negative. Capitalism with its reliance upon a free market is incompatible with a planned economy.

Any mixed system of public and private enterprise or combination of planning with private property in the means of production whether it be in the form of state ownership of state control or of fiscal manipulation that does not plan the national economy as a whole suffers from all the defects of an unplanned economy and from some peculiar to itself. If the state manages an enterprise it is merely an enterpriser among many. It must compete in the open market for the factors of production (land, labor, and capital) and is subject to cyclical fluctuations in the supply of capital just as are private entrepreneurs.

Let us suppose that under a system of capitalism our goal is so to plan as to strike a better balance between production and consumption and to effect a more equitable distribution of the national income. We appoint a planning commission vested with power to enforce its decisions. After a comprehensive survey the commission decides to curtail production in industry *A* while encouraging production in industry *B* even to the extent of a tariff or subsidy. This means that marginal and near marginal producers in industry *A* will be eliminated and the efficient firms protected. Therefore even though the private citizen has the necessary capital to enter industry *A*, he is not free to exercise his rights under capitalism. Because of the action of the planning authority there is insufficient scope for expansion.

To take another example assume that the commission decides to encourage the cotton industry and curtail the importation and manufacture of woollens. But the consumer decides that nylon and artificial silk are more practical than cotton and the cotton fiber market all but disappears. If in addition technological advances were to come to the aid of the wool, nylon, and artificial silk industries so that they were able to show greater profits than ever, the result might be that the industry that the commission wished to encourage—that is cotton—now shows great losses while

<sup>1</sup> Raymond T. Bye and William W. Hewett, *Applied Economics*, F. S. Crofts & Co., New York, 1936, p. 656.

the industries it desired to curtail have made enormous profits. To adjust these difficulties the commission would be compelled to resort to price control and put extensive limitations on consumers' choices.

Thus, it is evident that national economic planning in a capitalistic society cannot exist without drastically limiting free competition, free enterprise and private property. It would necessitate various restrictions on consumers' choices and the equivalent of the drafting of the factors of production.

**Planning under Socialism** 'Socialism' is a term so broadly used that it includes many different schemes of social organization. The term is used here to refer to the collective ownership and democratic management of the socially necessary means of production. The most outstanding example of socialistic planning in modern society is that being carried on in the Soviet Union.

The five year plan of the Soviet Union from 1928-1929 to 1932-1933 was designed to cover virtually all phases of the social and economic life of the country. It dealt specifically with such branches of economic and social activities as (1) electrification (2) light and heavy industry (3) agriculture (4) transportation, (5) communication (6) consumers' cooperatives (7) labor, (8) public instruction (9) scientific research (10) health protection and social life (11) housing and (12) finance.<sup>1</sup>

Commenting upon the possibilities of this plan's success, V. V. Obolensky-Ossinsky, formerly head of the Central Statistical Board of the U.S.S.R., declares:

The gigantic and complicated mechanism of modern economy can operate effectively only if (1) hundreds of thousands of capitalists and their agents who are personally and materially interested in their own enterprises and who enjoy sufficient freedom to display private initiative automatically cooperate with each other or (2) a single directing body is set up to exercise an all-pervading and complete control over the whole mechanism — or at least over the decisive part of it — in the initial stage.

After a policy has been decided upon, it is possible to begin to plan. At the top the Soviet Union has a state planning com-

<sup>1</sup> H. W. Laidler, *Socializing Our Democracy* (Harper & Brothers, N. Y., 1935), p. 43. *Ibid.* pp. 45-46, quoting from V. V. Obolensky-Ossinsky, *World Social Economic Planning* (International Industrial Relations Institute, Amsterdam, 1932).

mission. The function of this is not that of supreme industrial command but of advice and correlation. What it does is to coordinate the plans which have been submitted by the planning commissions of subordinate governmental units.<sup>1</sup>

After the plans have been received in Moscow the State Planning Commission or Gosplan with its huge force of statisticians, accountants and clerks proceeds to formulate production schedules and to establish quotas. If the plans of the local and regional bodies are not in complete conformity with the policies of the All Union plan they are revised and returned. Thus planning proceeds simultaneously from the top down and from the bottom up.<sup>2</sup>

The Central Statistical Administration performs such a vital service that it has been an autonomous section of the State Planning Commission of the U S S R. Statistical and accounting schedules are standardized. Statistical reports on specific dates are obligatory for each economic unit of the country. Each unit reports to its central unit or regulating body. Thus all collective farms report to the Department of Agriculture, all industrial plants to the Commissariats of Heavy and Light Industries, all cooperative stores to the Central Union of Consumers' Cooperatives Societies, and so on.

Another important section of the plan is the establishment of Norms of Production Technique. This aims to define what technical perfection a specific branch has to reach, to what extent the existing apparatus has to be used, and what the quality of the products should be. Analogous to these norms are all the planned data concerning number of laborers, their classification, training, wages and living conditions. All cultural life and service institutions, including the professional, are initiated by the local and regional political units which are aided by the central government with special subventions (grants in aid) on specific conditions. Even to mention all the sections of the U S S R plan would occupy too much space. However, the real interest of any such study consists in getting an idea of the features, development and prospects of an entirely different economic and social system.

<sup>1</sup> George Soule, *A Planned Society*, The Macmillan Company, New York, 1934, pp. 217-218.

<sup>2</sup> *Ibid*

## INTERNATIONAL PLANNING

Piecemeal international organization began long before the modern nation states came into existence. For illustration the relations among the ancient Greek city states were governed by an international law dealing with such subjects as alliances, treaties and war. They also developed arbitration, the exchange of diplomatic agents and other organs of international cooperation. Two thousand years of history saw an enormous expansion of these agencies but the fabric of international order was constantly being broken by wars of extermination and conquest. This was the case because the nation states were never able to subordinate their particular interests to the general interests of the world community. The League of Nations system which emerged in 1920 from World War I proved no exception to that rule. It was to be sure the most ambitious attempt at international planning ever made up to that time. Yet it was rendered impotent for peace making not so much because of inherent defects but by virtue of the failure of its principal members to fight for it against Japan in 1931, Italy in 1935 and Germany in 1936. During those years the United States its most powerful non member, shared with the other great democracies the fatal illusion that 'peace was something passive something we could have just by not having war, something we could legislate into being'.<sup>1</sup> Moreover, it has become clear that peace will not come automatically with the metaphorical shrinking of the globe through the development of transportation, communications and even mutual knowledge among the peoples thereof. Increasing contracts can cause greater frictions as well as more common understandings and cooperative enterprises. In short, Peace is the fruit of order and justice.<sup>2</sup>

One can hardly overestimate the extent to which the trees of order and justice must be nourished by effective and implemented international planning before their fruits of peace can be gathered. Indeed, enormous difficulties which stand in the way include besides the defeat of the Axis powers the differences in cultures languages colors and creeds among the two billion

<sup>1</sup> William Agar International Cooperation or World War III *The Annals of the American Academy of Political and Social Science* July 1943 p. 49

<sup>2</sup> *Ibid*



people of the world the jealous regard for national sovereignty of each of the more than seventy nations therein the recrudescence of age old boundary disputes during and after World War II the inequalities in standards of living between the Orient and the Occident and the troublesome problems of colonial imperialism racial and religious minorities and the so called backward peoples

Yet that the task must be undertaken now is the conclusion which has been and is being expressed by many pens and voices

In the international field there are both current and long range problems upon which post war planning has been undertaken. The former include such questions as punishment for war crimes the reconstruction and rehabilitation of European countries and the establishment of temporary governments in the occupied areas. The long range problems relate to such matters as disarmament the establishment of some form of international organization and the removal of excessive trade barriers.<sup>1</sup> To the latter list might be added such suggestions as reeducation for democracy in the Fascist countries<sup>2</sup> an international bill of rights<sup>3</sup> and a legal monopoly of force to promote justice in accordance with the dictate of Pascal. Force without justice is tyranny, but justice without force is impotent. Organizations and blueprints for working toward these goals already exist. Among the former are the Offices of Lend Lease Administration Economic Warfare and Foreign Relief and Rehabilitation in the Department of State the United Nations Relief and Rehabilitation Administration the International Labor Organization, and all the United Nations staff agencies.

The blueprints have been generally or specifically sketched in numerous presidential messages Congressional resolutions the Atlantic Charter of August 1 1941 the Twenty six Nation Agreement of January 1 1942 the Moscow Declaration of November 1 1943 and the Teheran Declaration of December 1 1943.

<sup>1</sup> L. Vaughan Howard and Hugh A. Bone *Current American Government* D. Appleton Century Company New York 1943 pp. 346-347.

Louis Wirth *Post-war Political and Social Conditions and Higher Education* *Annals of the American Academy of Political Science* pp. 154-162.

<sup>3</sup> Quincy Wright *Human Rights and the World Order* Commission to Study the Organization of Peace New York N. Y.

Thus World War II has brought home to the minds of thinking people everywhere the need for effective international planning during the war and post war periods. They realize as never before that no longer can any nation state acting alone unless it wishes to denote its whole substance to making itself an armed camp assure to its citizens an uncertain freedom from fear against external aggression. Neither can it bring them freedom from want. It would seem therefore that the only alternatives to a planned collective security are the blood and tears of periodic global conflicts.

#### SELECTION AND TRAINING OF PLANNING PERSONNEL

To select the personnel of any organization requires at the outset an analysis of the functions to be performed by each agent at the different levels of responsibility. Instead of attempting to give a detailed description of the various positions existing in national, state, county and municipal planning agencies, the Committee on Personnel of the American Society of Planning Officials has reduced the classifications to a least common denominator. It is possible on this basis to distinguish planning work from the administrative, architectural, engineering or legal function.

Planning positions are classified (1) as to level of responsibility, (2) as to level or function of government and (3) as to the subject matter field. However, too fine a classification defeats clarity while salary ranges that are too broad between levels defeat equal pay for equal work.

Every governmental unit has its own scheme of salary classification for at least some of its professional duties, but salaries for planning positions will necessarily have to conform somewhat to those already established by the community.

It is recognized that salaries vary in different cities and in different sections of the country. For that reason each planning agency will have to work out a personnel classification with its own civil service commission. The Committee on Personnel of the American Society of Planning Officials has suggested the

following planning titles and their classification by salary grades <sup>1</sup>

TABLE L

<i>Title</i>	<i>Salary Grades</i>
1 Junior Planning Assistant	\$1200-\$1800
2 Planning Assistant	\$1800-\$2400
3 Senior Planning Assistant	\$2400-\$3200
4 Assistant Planner	\$3200-\$4200
5 Associate Planner	\$4200-\$5600
6 Senior Planner	\$5600-\$7000
7 Planning Director	\$7000 and over

Upon the basis of any agreed salary classification it is necessary to describe and measure the factors which should govern the allocation of any particular position to a definite class. The general bases of such differentiation appear to be at least three in number: (1) degree of responsibility, (2) special techniques or skills, (3) special fields of activity. The large jurisdictions may require planners who will concentrate on definite subject matters.

When each of the seven positions classified above was examined in its relation to the planning programs of national, state and local agencies, however, its duties and qualifications proved so similar that it was agreed that descriptions of planning positions might be divided into two general categories: (1) descriptions of planning duties and qualifications for each of the seven basic positions; (2) selected descriptions of these positions applied to different sized jurisdictions, special techniques or special fields of activity.

The following is a brief summary of the duties and qualifications of the major positions:

*Qualifications of Planning Director.* Ability to develop and stimulate comprehensive solutions of complex problems of a social, economic, and physical character; such ability requires broad vision, imagination, tempered with practical experience; thor-

<sup>1</sup> Tables, duties, and requirements for the various positions among the planning personnel are taken in part from a recent survey conducted by the American Society of Planning Officials. Walter H. Blucher, Executive Director, has kindly granted permission for this partial reproduction.

oughness and sound judgment together with competence of a high order in the abilities indicated as necessary to perform the duties as specified above — that is to administer, to survey to analyze and to coordinate relevant factors affecting planning problems Ability to develop budgets and financial programs to prepare clear and accurate reports to speak publicly Ability to evaluate the importance of data and to judge all plans as to their practical applications Perhaps the most important ability required is that of analysis and synthesis

Graduation from an institution of higher learning, or equivalent and several years of general experience in planning work of a character suitable for the successful performance of the duties and responsibilities in a planning agency General or responsible planning experience of particular appropriateness will afford additional credit or may be considered as a substitute for a portion of either required type of experience

*Other Qualifications* (Ordinarily required by progressive civil service agencies depending upon special or local conditions) Personal integrity, age limits physical fitness recency and successfulness of experience<sup>1</sup>

*Senior Associate and Assistant Planners* In general these three positions are differentiated from each other and from that of Planning Director by (1) degree of responsibility (2) special techniques or skills and (3) special fields of activity

The duties of the Senior Planner are to work under the direction of the Planning Director but with wide latitude for action or decision administer a section of the planning unit or assist the Planning Director in the general administration of the entire unit

These basic descriptions may be varied where specialized techniques or skills are required of the particular staff member, or in accordance with special subject matters to which the planning function is applied in the manner suggested for the Planning Director's position above

#### *Junior Planning Assistant Duties*

1 General Under immediate supervision of persons in a higher planning grade to assist in any reasonable way, in the

<sup>1</sup> Local state or sectional traditions may result in discriminatory rules respecting local residence war service sex marital status etc They have proved detrimental to efficient public service and the establishment of a public career service

work of the planning unit. Most assignments are of a strictly planning character but as the position partakes of the nature of internship in both government work and in planning assignments may be made in all phases of the unit's operations in order to familiarize the planning assistant with the functions of the planning agency. Opportunities should be provided for testing the planning assistant's powers of analysis and his ability to use judgment and his ability to think in relationship terms regarding the solution of planning problems.

2. Optional required duties. To file map and reference material to operate adding and calculating machines to perform elementary drafting to answer simple inquiries presented by telephone in person or by letter.

*Qualifications* 1. Imagination and initiative ability to perform the duties specified above that is to collect and to compile data to prepare charts and base maps to prepare written material ability to cooperate. A demonstrated progressive interest in the general field of planning shown by completed work experience published studies etc. is interest in remaining in planning work as a career.

2. Graduation from a recognized institution of higher learning with undergraduate work in one of the following groups of subjects

- a* Economics public finance public administration public law or sociology elective courses in any of principal fields under *b* or *c* below
- b* Civil engineering with emphasis on municipal or sanitary engineering elective courses in any of the principal fields under *a* above
- c* Architecture or landscape architecture preferably with emphasis on community planning problems and public housing elective courses in any of principal fields under *a* or *b* above

Special credit will be given for training in research methods for the completion of major studies in any subject closely related to planning and for graduate work in any of the subjects mentioned above. No definite amount of experience is required but experience in planning work is desirable.

## TERMS TO BE UNDERSTOOD

<i>caveat emptor</i>	fiscal policy
contour plowing	planning
democratic planning	proration law
erosion	unit pool operation

## QUESTIONS FOR DISCUSSION

- 1 Is it possible to have planning in a democratic society? Is it possible under capitalism?
- 2 List some of the important things that city planning agencies have done. Do the same for county state regional and national agencies.
- 3 What are the specific differences you can see between economic planning and a planned economy?
- 4 What suggestions can you offer for a greater cooperation among the federal state and local planning bodies?
- 5 What are the planning agencies in your community? In your state? What activities does each carry on? What legal powers do they have?
- 6 What are the qualifications for professional planners? To what extent is planning becoming a profession?
- 7 What are the minimum activities that should and could be planned in a capitalistic order to prevent major economic breakdowns?
- 8 To what extent does sound planning depend upon our capacity to predict?
- 9 What is meant by natural resources? What are the basic natural resources of the United States?
- 10 What is meant by human resources? To what extent may they be affected by planning?
- 11 What planning was there in the national government before the establishment of the National Resources Planning Board?
- 12 What planning was there in your state before the establishment of its official planning agency?

## FOR FURTHER STUDY

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— *After Defense — What?* U S Government Printing Office Washington D C 1941

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## CHAPTER 25

### DEMOCRACY AND DICTATORSHIP

#### IDEOLOGIES IN THE MODERN WORLD

**Rise of Ideologies** Today as never before rival ideologies enter prominently and significantly into the daily affairs of mankind throughout most of the civilized world. The presence of so many antagonistic systems of ideas, ideals and distinct ways of life indicates the intense intellectual ferment occasioned by the marked rapid and fundamental changes which are occurring in contemporary life.<sup>1</sup> We are living in an era of crises in economic and political systems and are witnessing the emergence of new social arrangements. Only in a static society could isms—that is, systems of ideas, ideals and ways of life—be absent. The more dynamic a society the more certain is social unrest. The desire for change and the forces working to produce it are indicative of a need for readjustments. Men throughout the civilized world are increasingly identifying the causes of their unhappiness with unjust social arrangements in society. They are critical of their society and are susceptible to doctrines which promise a more satisfactory social order.

**Ideological Matrix** The demand for change in the social order may find expression in a formula or an ism which in turn may become the basis of a movement promising a fuller realization of human needs, if not social salvation. In time some of these movements attract disciples, gain strength and momentum, and finally become powerful forces in society. As any particular ism develops power, other ideologies are quick to recognize it as an actual or potential menace to their prestige. They there-

<sup>1</sup> Convincing evidence that there is a ferment of great intensity is afforded any one who consults the *Readers Guide to Periodical Literature* covering the post World War I period particularly since the early 1930's. Here under "Democracy," "Socialism," "Communism," and "Fascism" a multitude of magazine articles are cited.



fore articulate their own isms in opposition. Battle lines are drawn, and efforts are made to check any further invasion of the new intruder. On the occasion of the threat of advancement of a new ism, privileged groups under the existing dominant ideology in a particular society become especially aroused. They labor strenuously to maintain the *status quo* that is the existing arrangements, because they recognize it is to their advantage to do so. After a new ism has displaced an old one, its adherents constitute a new dominant or privileged group. They become ordinarily as intolerant of change as were the leaders of the old social order over which they triumphed. In other words the late radicals become the new conservatives.

An ideology represents a composite of ideas and emotions. No ism is purely intellectual. Each is suffused with emotion. It is the potency of emotions as well as the power of ideas which impart the dynamic qualities characteristic of ideological antagonisms. Since an ism involves basic conceptions of life, it stirs the warmest devotion in its adherents, and arouses their antipathy toward those whose allegiance is to a competing ideology.

**Literature of Ideologies** Each of the prominent modern social, economic, and political isms has produced an extensive literature, partly in support of its own beliefs and programs, and partly in denunciation or refutation of conflicting isms. Relatively little calm analysis or 'genuine objectivity' is manifest in much of the materials published by agents of these rival ideologies. The student must be extremely critical in his analysis and evaluation of books, periodical articles, newspaper items, and speeches which involve ideological discussion. They become potent instruments of social indoctrination and control. As one examines any particular ideology, he would do well to keep himself conscious of these three important facts: (1) Each ideology is concerned fundamentally with what it regards as the best possible interrelation of the individual and of society. (2) Each of the dominant isms to which we are exposed today gives us a different version of the age-old problem of reconciling liberty and order, freedom and authority. (3) The fundamental purpose of a considerable part of the literature of isms is not to elucidate or analyze, but either to propagate a particular ideology or to attack rival isms.

No detailed evaluation of the many arguments offered for or against the respective ideologies to be considered can be attempted here. Our concern centers in their major characteristics. The focus of attention is upon the rise, the fundamental ideas, and the central objectives of each. Probably no American will deny the desirability of having the citizens of the United States understand their own way of life. Some understanding of rival ideologies is also desirable. By knowing them we can arrive at a better knowledge of our own. And in this day of world wide contact and instantaneous communication, the United States is not and cannot be isolated from the currents of thought which throb in the minds of men in other nations. Foreign isms beat in upon us constantly. The adherents of each believe firmly that the whole world should and will turn to theirs as the best way of life, and labor persistently to consummate its triumph.

## DEMOCRACY

**Democracy an Ideology** We speak of our American way of life as democratic. Although not taking the word form, it really is an ism. It possesses all the characteristics of such a phenomenon. The whole pattern of our social order in the United States has been dominated by our democratic conceptions. Hence it is important for us to understand this ism. Although our way of life has many facets, we shall be concerned here only with the rise, meaning, basic tenets, and prospects of democracy.

**Rise of Democracy** Democracy, although constituting a political system in ancient Athens,<sup>1</sup> was little followed as a system of life until after the seventeenth century. Its growth accompanied the development of liberalism. By 'liberalism' we mean freedom of individual thought and action.<sup>2</sup> The distinguishing characteristic of liberalism is the great emphasis it places on the importance of the individual. It 'posits a free individual conscious of his capacity for unfettered development and self expres

<sup>1</sup> See Plato's *Republic* and Aristotle's *Politics*.

<sup>2</sup> Although the term 'liberalism' is used in intellectual, moral, religious, artistic and other fields, in this chapter it is considered only in its political and economic aspects.

sion <sup>1</sup> To the liberal any attempt on the part of constituted authority to exact artificial pressure on or regimentation of the individual in his inner and outer adjustments is an unjustifiable interference, a stultification of his personality and initiative. The individual, as liberals view the matter, should be as little restricted and coerced as possible. All regimentation is anathema.

Without the advance of the liberal conception of life it is difficult to see how the democratic pattern could have made progress. Politically liberalism is tightly laced with democracy. The faith of liberals in democracy is logical for when the people control the government there can be no governmental restrictions on the individual save as a majority wills such curtailments. The liberal believes that government is best that governs least and seeks therefore to keep governmental interferences with individual liberty at a minimum. In economic matters liberalism is associated with the laissez faire conception of economic governmental relationship. Liberalism emphasizes private initiative and freedom of enterprise. Traditionally it has extolled the capitalistic system.

It is important to realize that in any social system there are always vital interrelationships between the political and the economic spheres. They cannot be isolated from each other. All governmental activity is deeply influenced by economic conditions and activities and any system of economic life is much affected by political forms and ideals. This interdependence was clearly apparent even in the centuries when liberalism was just emerging.

**Rise of Liberalism** The early centuries of the modern era witnessed a great growth of trade and commerce. This economic development created a rapidly growing middle class which was for the most part barred from playing a role commensurate with its importance in society. This class had needs and ambitions to satisfy. The liberal doctrines it advocated were designed to secure for it that measure of influence and control in society to which it felt itself entitled. The prevailing order against which it launched its attack was characterized by absolutism in government and extensive political interference in economic life.

<sup>1</sup> Liberalism *Encyclopaedia of the Social Sciences* The Macmillan Company New York 1937  
*Ibid*

To break the power of political absolutism the bourgeoisie (middle class) urged the doctrine that no government exercises just powers save as they are given by the consent of the governed. This consent doctrine was expounded by John Locke in England in his *Essay on Civil Government* (1689). The idea that all just governments must rest on the consent of the governed, a phrase reechoed in our Declaration of Independence, was propagated by able leaders after Locke, both in England and France. This doctrine laid a foundation for the establishment of democratic government.

The great dynamic force back of political liberalism was the insistent demand of men of industry, trade and finance for a share in the control of government. What they sought was an economic regime in which there would be freedom from government regulation. The basic principle upon which they relied to effect such a system was that of *laissez faire*,<sup>1</sup> which business men asserted would prove far more beneficent than the then existing economic system referred to as mercantilism.<sup>2</sup> The central and persistent contention of the *laissez faire* ists' was that the general welfare could best be advanced by permitting each individual to follow his own self interests. This doctrine

<sup>1</sup> *Laissez faire* is a contraction of *laissez nous faire* which means 'Let us alone' — government should not interfere with business life. The doctrine of *laissez faire* then indicates a belief that economic life should be free from governmental regulation. It opposes state intervention in industry. Under it the function of the state is to maintain order, provide courts and keep the country secure from foreign invasion. This doctrine arose in the late 1700's and early 1800's as a protest against excessive regulation of economic life by governmental action. As an influence in affairs *laissez faire* may be said to have reached its zenith about 1870, after which time the current of events moved steadily and increasingly in the direction of collectivism. *Laissez Faire* *Encyclopædia Britannica* 14th ed. *Encyclopædia Britannica* Inc. New York 1932 XIII 589. The separation between economics and politics on which the doctrine of *laissez faire* rested is an anachronism in the present day world. *Laissez Faire* *Encyclopædia of the Social Sciences* The Macmillan Company New York 1937.

<sup>2</sup> The basic objective of the mercantilists was to augment the wealth of their particular country. The wealth of a country they identified with the quantity of precious metals it possessed. Therefore they sought to block the outflow of bullion and induce an inflow of precious metals. To achieve these dual ends they proposed to encourage exports and hamper imports. If a country in their view exported more than it imported it would have a favorable balance of trade, that is, have an inflow of precious metals. To stimulate exports and impede imports necessitated extensive governmental action: on the one hand to promote production in order to swell the volume of exportable commodities and on the other to erect barriers to the importation of goods. See *Mercantilism*, *Encyclopædia of the Social Sciences* The Macmillan Company New York 1937.

was ably presented by Adam Smith in his influential book *Inquiry into the Nature and Causes of the Wealth of Nations* (1776) <sup>1</sup> After Smith came many other powerful advocates of the idea that governmental interference in economic life should be kept at a minimum Among these was John Stuart Mill (1806-1873)

After prolonged struggle the bourgeoisie became master of the social order, with the result that in political life absolute monarchy gave way to representative government and in economic life monopolistic mercantilism was supplanted by laissez faire capitalism <sup>2</sup> Thus the sphere of the individual was vastly extended

**Meaning of Democracy** The term democracy does not describe merely a form of government in which the source of political authority is in the commonality of the citizens Indeed it is possible to speak of democracy in every form of social life <sup>3</sup>

Democracy indicates, when employed as a general term a social atmosphere, an attitude of mind a philosophy and a whole culture Included in it are all the economic and social institutions and arrangements through which a people strives to promote a type of society wherein the best in man can be developed The very essence of the democratic way of life is a profound faith in the capacity of man as a rational and humane creature to achieve the good life by rational and humane means

**Tenets of Democracy** As was the liberalism out of which it grew, democracy is characterized by the importance it attaches

<sup>1</sup> At the heart of Smith's exposition of economic life lay these ideas The individual, in pursuit of his own gain will strive to produce as much utility as possible and whether as employer or as workmen will be driven by competition to do this as a condition of survival and success in business The sum of the efforts of all individuals to create the greatest possible amount of wealth will result if they are allowed to follow their own bent in the creation of the maximum wealth in society as a whole Laissez Faire *Encyclopaedia of the Social Sciences* op cit

See his *On Liberty* which is a classic plea for the freedom of the individual

For the relation of capitalism to liberalism see Charles A Beard Individualism and Capitalism in the *Encyclopaedia of the Social Sciences* op cit Vol I pp 145-163

For a concise exposition of liberalism see Harold J Laski Rise of Liberalism in the *Encyclopaedia of the Social Sciences* op cit Vol I pp 103-124 See also Liberalism Vol V pp 435-441

For a description of the great revolutions of modern times see Crane Brinton The Revolutions in the *Encyclopaedia of the Social Sciences* op cit Vol I pp 125-144

<sup>4</sup> C Delisle Burns *Political Ideals* 4th ed Oxford University Press London 1929 p 279

<sup>5</sup> Carl Becker Some Generalities That Still Glitter *Yale Review* 29 667 June 1940

to the individual. To it the dignity and worth of the individual are of paramount importance. In such a social order the individual possesses a right to his fullest development and happiness.

A democratic society moreover emphasizes equality, especially equality of opportunity for the development of the individual's talents and capabilities. Democracy makes these two declarations. That all men are to be treated alike in a few respects enumerated by law, the other that the relative worth of any two men in the same state being immeasurable it is simplest and wisest to assume their equality.<sup>1</sup> Although it is recognized that men are unequal in physical, mental and moral endowments each should be treated by the state as of equal social and political value.<sup>2</sup> That this attitude is significant is attested by the fact that a social order with this ideal will differ materially from a society in which birth or class determine a man's social position and political weight.<sup>3</sup>

One of the most salient characteristics of democracy is the great emphasis it places on freedom. This stress is logical since its basic concern is the greatest possible development of the individual for whose growth liberty is essential. The individual must, it holds, be free to think, act and create, since a large measure of liberty is vitally necessary to the full development of human capacity.<sup>4</sup>

Democracy encourages the ceaseless search for truth. In this quest the individual must be free and free to take advantage of the results obtained in that search. Democracy insists that only when men have an opportunity to express and criticize all opinions is there the best possible chance of discovering truth. Democratic peoples are wont to point out that many evils — witchcraft, human slavery, belief in disease as punishment, dueling, fiendish tortures among a host of others which might be cited as examples — have passed from modern life because of freedom of expression. They argue that The peoples who have enjoyed

<sup>1</sup> Jacques Barzun *Of Human Freedom* Little Brown & Company Boston 1939 p. 28

Leonard Wolf *After the Deluge* Penguin Books Limited Harmondsworth Middlesex England 1937 p. 209

<sup>3</sup> *Ib id* p. 210

<sup>4</sup> Louis Le Fevre *Liberty and Restraint* Alfred A. Knopf New York 1931 p. 206

an exceptional degree of freedom are those who have contributed most to the advancement and the welfare of mankind <sup>1</sup>

While people under a democratic regime are free to promote any changes in society which may be desired they are at the same time assured that no sweeping or violent modifications in their social order can be imposed upon them save with their consent. The basic control in a democratic society is public opinion in the formation of which all are to participate. Under democracy many agencies expressing all sorts of views function in the molding of public opinion. In the United States for example besides extensive radio facilities there are about 2100 daily newspapers 13 000 newspapers in all and 19 000 periodicals of all kinds <sup>2</sup>. Democratic peoples realize that there can be no genuine public opinion without freedom of thought and expression.

Those who live under a democratic social order are especially zealous about political economic academic and religious freedom. Recognizing the preeminence of the state as an agency of social control they regard political freedom as the basis of all freedoms. Political freedom consists of the right to participate in the choice of those who enact legislation and execute the law and the right to oppose governmental officials and policies either through individual or political party effort. In a democracy there are always at least two political parties under dictatorship there is but one. Aware of the vital bearing of things economic upon their social and political lives, a democratic people is alert to maintain the greatest possible liberty in the realm of economic activities. Cognizant of the vital significance of the function of the educational system in such a social order, such a people perceives the importance of academic freedom that is the freedom to inquire, to teach and to learn. Realizing the importance of religion in a social order a democratic people insists that the individual shall be free to adopt practice, and support whatever religious belief he prefers.

**Civil Liberties** A people living under a democratic social order are zealous for the establishment and maintenance of civil

<sup>1</sup> *Ibid* p 206

<sup>2</sup> John N. Andrews and Carl A. Marsden editors *Tomorrow in the Making* McGraw Hill Book Company Inc. New York 1939 p 67

liberties Realizing that eternal vigilance is the price of liberty they are watchful lest the freedom they enjoy be curtailed The very liberties which a democracy grants provide opportunities, however for special groups to create potent instrumentalities with which to undermine the freedom of others The American people have sought by incorporating their most important liberties in Bills of Rights in federal and state constitutions to afford the greatest possible safeguard against encroachments upon such liberties Our civil liberties include freedom of religion, assemblage, petition, and press We also possess a number of important safeguards for life and property in the judicial process among which for example are habeas corpus trial by jury and that life liberty and property shall not be taken away from the individual except by due process of law <sup>1</sup> So well established are our rights to our many liberties that we Americans commonly take them for granted, like the air we breathe, until they are threatened

There are occasions when even a democracy may find it necessary to limit civil liberties In times of great social upheavals and of war the maintenance of our liberties becomes a perplexing problem Then the need for unity of thought and action is especially pressing and the customary exercise of liberty often seems to endanger the common welfare The guaranteed rights to our liberties are never absolute or unlimited rights In time of war for instance it is extremely difficult to determine how much freedom should be permitted to conscientious objectors (to military service), enemy aliens fifth columnists and agents bent on fomenting espionage and sedition It is always easy to extend freedom to those who agree with us and hard to observe the liberty of minorities to oppose a majority program or policy, especially when a minority seems, in the majority view, to be menacing the common weal

**Spread of Democracy** Democracy spread with the advance of liberalism of which the rising middle class was the chief exponent As the bourgeoisie came into the ascendancy in one

<sup>1</sup> It is significant that five of the eight Amendments to the Constitution of the United States which constitute the Federal Bill of Rights have to do with the judicial process See the Fourth Fifth Sixth Seventh and Eighth Amendments to the Constitution of the United States



country after another it democratized governments. The developments in this direction during the nineteenth century were phenomenal. As the political offspring of liberalism democratic government was established ever more widely and completely. Liberalism's economic progeny, laissez faire democracy's twin sister, under a tremendously dynamic and rapidly expanding capitalism, became the dominant philosophy of the business class whose general influence in society mounted strikingly as industrialization grew apace in the world. By 1900 the principles of liberalism both in political and economic life either prevailed or were in the ascendance in most civilized countries. Historians when they surveyed the nineteenth century with its remarkable developments were wont to point out that liberalism, the parent of democracy, should rank with nationalism and industrialization as the great trinity of forces which molded the life of that period.

Although the home of liberalism was in England which developed laissez faire economics and parliamentary government and in France which rang after 1789 with the great democratic slogan Liberty, Equality, and Fraternity, it was in the United States that this ideology enjoyed its most complete triumph. Individualism, the child of liberalism, reached its fullest flower here. No people were ever more zealously devoted to political democracy or more enamored of the laissez faire ideal of economic life than were the Americans. Those who challenged liberalism in the United States constituted a much smaller minority than in any other country with liberal traditions. By the advent of the present century, the democratic way of life, owing chiefly to the vast strides of political and economic liberalism in the previous century, had become the dominant ideology of the civilized world. Its appeal was felt increasingly even in such traditionally absolutist regimes as existed in Russia, China, and Japan.<sup>1</sup>

**Decline of Democracy** Hard on the heels of the signal triumph of the democratic way of life have come rather extensive retreats. The explanation for this recession, although involving a number of phenomena, is to be found chiefly in the inability

<sup>1</sup> In 1889 a constitution was promulgated in Japan. Russia in 1905 convened the Duma (representative assembly). In 1912 a republic was proclaimed in China.

of democratic peoples to modify their political and economic institutions rapidly enough to keep pace with the celerity of change in the material aspects of life. When an ideology fails to meet the realities of life to satisfy the needs of the people over whom it holds sway there occurs inevitably a shift away from it and a turning toward other basic principles which promise a larger measure of satisfaction. It is important to note that the weaknesses of democracy have been more apparent in the economic than in the political realm. Democracy did not decline because of any basic unsoundness in its political principles or any considerable dissatisfaction with its operation in the political field, but rather on account of its inability to provide the economic controls necessary in twentieth century society. The economic system operative in any particular social order affects the people living under it in so many vital ways that such an order cannot afford requisite satisfaction of community needs merely by the maintenance of a political regime however excellent.

That democracy has been partly unable to translate its doctrines in the economic field into practice is not by any means to be understood as an inherent defect. Its inefficiency derives fundamentally from the dominance of individualism. It is indeed ironical that the very economic liberalism which played such an important role in the rise and early spread of the democratic way of life should in the twentieth century be the basic cause of its decline. The doctrines and ideas of economic liberalism founded as they were on extreme individualism and although proving reasonably satisfactory when applied under earlier conditions have increasingly demonstrated that they are inadequate in modern complex interdependent industrial society. Economic liberalism afforded capitalists freedom from social control, that is governmental regulation. This liberty they are naturally eager to maintain. But it is clear that in the twentieth century the wide traditional freedom of our economic system from social control may not advantageously or even safely be continued. The maintenance and promotion of the general welfare require that the economic liberties of the individual be further curtailed. Economic inequalities can be so great and economic pressure so potent that they undermine the very foundation of the democratic system, and make of it largely

a mockery A political democracy cannot function properly where differences in economic power are so great that one group can determine the weal or woe of another by non political means ' <sup>1</sup>

Democracy is increasingly challenged by several rival ideologies whose influence and appeal are expanding They have advanced beyond the stage of discussion and have entrenched themselves in the actual control of national life Already several countries have turned from the democratic way of life and have embraced regimes which are the very antithesis of democracy Furthermore today in virtually every democratic country there are organized groups, with varying degrees of influence, actively spreading antidemocratic propaganda Some of these contemplate the actual overthrow of the democratic way of life At present every democratic government feels impelled to watch carefully the activities of such organizations

## SOCIALISM

**Meaning of Socialism** Socialism is an ideology which became the first important challenger of the developing nineteenth century democracy Since it espouses the extension of democratic practices to all phases of social life, Socialism is regarded by some to be wholly consistent with democracy, and indeed to represent democracy in its most genuine form While there are many varieties of socialistic doctrine, Socialism generally does not propose to enthrone a dictator Civil liberties are to be established and maintained But Socialists have been frequently regarded as enemies of democracy particularly because they urged a vast extension of social control over economic life and thus ran afoul the principles of nineteenth century economic liberalism

The roots of socialistic thought lie deep in the past Although the word socialism gained currency only in the last half of the nineteenth century many of the ideas associated with the term have a far longer history Socialist elements are to be found in the Mosaic law, in the writings of Amos, Hosea and Isaiah in portions of the Gospels of the New Testament, and in the writings

<sup>1</sup> Andrews and Marsden *op cit* p 35

of some medieval scholars<sup>1</sup> The modern socialist doctrines aiming at the collective control of the means of production in the interests of the workers date from the rise of the factory system, which was one of the products of the Industrial Revolution

No other ideology has occasioned as much controversy during the last 100 years as has Socialism Hundreds of books have been written in praise or in condemnation of its principles Since there are many types of socialism it is difficult to define the term with precision but common to all variants of this ideology is the aim to substitute collective ownership and operation of industry for the present competitive system It is essentially a doctrine and movement aiming at the collective organization of the community in the interests of the mass of people by means of common ownership and collective control of the means of production and exchange<sup>3</sup> 'Socialism refers to that movement which aims to vest in society as a whole rather than in individuals the ownership and management of all nature made and men made producers goods used in large scale production to the end that an increased income may be more equally distributed without materially destroying the individual's economic motivation or his freedom of occupational and consumption choices'<sup>4</sup>

Socialism condemns the capitalistic system of production<sup>5</sup> It does not share the traditional devotion of democratic people to property rights private initiative, free competition and the laissez faire philosophy in general Socialists seek to eliminate the profit motive They want a state of society in which social causes of wealth would be allowed to have social results<sup>6</sup> Their contention is that 'The logical alternative to capitalism is planned production for use not for the private profit of owners — increasingly absentee owners — of our national resources and the great means of production and distribution'<sup>7</sup>

Socialists believe the state is a necessary social organization

<sup>1</sup> Socialism *Encyclopaedia Britannica op cit* <sup>2</sup> *Ibid* <sup>3</sup> *Ibid*

<sup>4</sup> William N Loucks and J Weldon Hoot *Comparative Economic Systems* revised edition Harper and Brothers New York pp 306 and 307

<sup>5</sup> Socialism should not be confused with anarchism They are as far apart as the poles While anarchism seeks to eliminate entirely governmental control of society socialism calls for a vast increase of state control over the social order

<sup>6</sup> Burns *op cit* p 269

<sup>7</sup> Andrews and Marsden *op cit* p 129

which should be afforded sufficient power to coerce whenever and wherever necessary to maintain and promote the general welfare. Far from rejecting democracy Socialists claim to make democracy work functionally by enfranchising citizens in a democratically controlled industry as well as in politics. They insist that without social control over the economic processes in society mere political democracy must necessarily be largely a farce. In their view only when the masses can participate in the guidance of economic life when industrial absolutism and gross inequalities of wealth and status are abolished can the interests of the common man be safeguarded and promoted and democracy be made a genuine reality.

**Rise of Socialism** Modern Socialism arose as a revolt against economic conditions which developed under economic liberalism. As the Industrial Revolution unfolded there occurred an ever wider separation of property and labor. Wealth increased tremendously and became concentrated in relatively few hands. The factory system created a vast increase in the number of the proletariat that is propertyless workers dependent upon their wages for a livelihood. Along with this development came a marked advance in the literacy of the workers in industry. Increasingly they were able to read the discussions of intellectuals who championed their interests. The workers were increasingly drawn into organizations of their own and in many countries developed a high degree of class consciousness. Socialism developed in proportion to the loss of faith in the efficacy of the *laissez faire* system and the failure of the existing order to meet the elementary needs of masses of people who had already become critical of the *status quo* because their hopes for remedial measures had been shattered.

The Socialist movement since the advent of the Industrial Revolution has undergone a significant evolution.<sup>1</sup> Here only its three outstanding developments may be pointed out. In the first phase no attempt was made to establish a general or nation wide regime embodying socialistic principles. Socialists sought rather

<sup>1</sup> In the nineteenth century several different kinds of socialism each with its particular differentiation and emphasis developed. For example there appeared Utopian Socialism, Christian Socialism, Guild Socialism, Scientific Socialism and Fabian Socialism. For a comprehensive treatment of socialist thought see H. W. Laidler's *A History of Socialist Thought* 1927.

to build social units that is local communities which would, they hoped demonstrate the efficacy of the mode of life that they urged. Accordingly, socialistic colonies were established several in the United States. But all these experiments failed.

The second phase of the general socialistic movement was marked by the decision to be less idealistic and to bring about the complete establishment of the desired social order by an evolutionary process. It was proposed through the use of the ballot to secure the full socialist program piecemeal, that is by inducing society to adopt one socialistic policy then another and then another. This was the program of the Fabian Socialists in England from the last quarter of the nineteenth century on. Socialism grew rather rapidly in the European countries. By 1914 in almost every country there was a Socialist or Labor Party with representatives in legislative halls. In Germany just before the First World War the Socialist Party polled a heavier vote than any other. In the United States, however the Socialist Party has never been able to garner more than a very small percentage of the total vote in any election.

The third main phase of the Socialist movement is seen in the development of Communism, an insurgent movement against Fabian Socialism which we shall examine presently. Besides Communism, its own child and most bitter foe Socialism is opposed by Fascism, capitalism and traditional democracy. While it has the satisfaction of seeing all democratic countries in effect adopting its policies increasingly through their many and marked extensions of the sphere of the state in economic life nevertheless capitalism and the laissez faireism of democratic peoples are still powerful after many years of effort by the Socialists to bring about their demise. But the Socialists as is characteristic of adherents of any particular ideology seem to be determined to continue the struggle for the general establishment of their way of life.

### Dictatorship

**Rise of Dictatorship** One of the most astounding developments of the last quarter century has been the growth of dictatorship. The recrudescence of this form of social order indicates clearly a decline in the appeal of democracy. As one country

after another turns to dictatorship a diminution of the prestige of the democratic way of life inevitably occurs. In the light of history it is impossible for us to regard the rise of dictatorships as other than a backward step in the life of mankind. If one is interested in discovering the cause of this retrogression he will have to take account of the consequences of the First World War. That terrific struggle created distressing conditions which were significant factors productive of contemporary dictatorships. The age old governmental system in which all power is lodged in an autocrat tends to become dominant when the people feel heavy pressures, are greatly distracted, confused, disillusioned or frustrated. Then they turn to a leader who gives promise of deliverance from their plight.

**Meaning of Dictatorship** The term dictatorship indicates a condition in which a people live under the rule of a dictator in whom supreme authority is vested. Historically in ancient Rome for example, an individual was given this supreme power as a part of the constitutional system to enable the state to weather some crisis. When the emergency had passed this authority was surrendered. But our contemporary dictators did not secure their position as dictators under any provision of the existing political system, nor do they regard their power as of a temporary character. Today a state having a dictatorship is often referred to as being totalitarian. Such a state exercises entire, complete, total authority over its subjects and controls the whole social, political and economic life of the country for the promotion of its aims.

Totalitarianism may be described as a state of affairs in which the government of a country is not responsible to those whom it governs and where it assumes the right to extend its activities into every human sphere; there is no reserve for the individual in which he is protected against governmental encroachments.<sup>1</sup>

**Characteristics of Contemporary Dictatorships** Two basic ideas color every aspect of social life under contemporary dictatorships. First, the state is of paramount importance and its head possesses all authority. Second, the individual can find his largest fulfillment in losing himself in the life of the state.

<sup>1</sup>R. M. McIver, M. J. Bonn and R. B. Perry, *The Roots of Totalitarianism*. The American Academy of Political and Social Sciences, Philadelphia, 1940, p. 9.

cipline is more important than liberty. The great social values under such a regime are authority and obedience, not freedom and individuality.<sup>1</sup> In dictatorships the central objective is to produce a well-regimented mass obedient to the discipline imposed from above.<sup>2</sup> They deny that differences can live together, differences of faith, differences of opinion, differences of thought.<sup>3</sup> To secure the uniformity desired, regimentation of a comprehensive and intensive character is persistently practiced. Even beliefs, personal behavior and tastes—in short every aspect of the individual's life—is under the dictation of the state. To enforce its demands an extensive secret police is maintained. Arbitrary arrest is constant and terroristic practices are customary.

Little if any attempt is made in dictatorships to appeal to or develop the rationality of men. Intellectual slavery is demanded. Thus the desired social order is maintained without any exertion to afford evidence for support of policies and practices. The dictator being all-wise and all-powerful, it is the duty of the individual to be in complete submission. He must hope that the head of the regime will be benevolent. If he is otherwise, the individual is utterly helpless. It is interesting to note, however, that each contemporary dictator always poses as a friend of the people. Present-day dictators do not overlook the importance of popular support. And the mass of the people dote on one who by a mystery of magnetism inspires respect, makes them feel great through their kinship with him, their national symbol.<sup>4</sup>

Twentieth-century dictators foment a rabid nationalism. Hatred of the foreigner is something on which all classes may be unified and stirred to an emotional pitch sufficient to divert them from consideration of loss of liberty.<sup>5</sup> They cultivate the conception of nation against nation, nations separate in all respects that matter, its own a proud nation, exclusive, complete, self-sufficient and self-righteous.<sup>6</sup>

<sup>1</sup> Wolf *op cit* p. 235

Harold J. Laski, *The Rights of Man* (pamphlet) Macmillan & Company Ltd London, 1940 p. 16

<sup>2</sup> McIver, Bonn and Perry *op cit* p. 5

<sup>4</sup> Dictatorship *Encyclopaedia of the Social Sciences op cit*

<sup>5</sup> *Ibid*

<sup>6</sup> McIver, Bonn and Perry *op cit* p. 7



The three leading dictatorships of our present day world are in Russia, Communism in Italy Fascism and in Germany Nazism (or National Socialism) <sup>1</sup>

### COMMUNISM

**Rise of "Dictatorship of the Proletariat "** The most fundamental revolution occurring in the modern era began in Russia in 1917 With the overthrow of the Czarist regime there ensued the most revolutionary and far reaching social upheaval of modern times <sup>2</sup> This revolution was the more remarkable in that one form of dictatorship superseded another It was not a change from a democratic social order to a dictatorial regime One dictatorship merely supplanted another — that of the czars, for that of the proletariat The basic change which occurred was that the capitalistic organization of Russian society was overthrown and a new economic system established

The Russian Revolution of 1917 was accomplished under the leadership of a group of communists called Bolsheviks <sup>3</sup> led by Nicolai Lenin The Bolsheviks taking advantage of conditions which developed during the First World War and gaining ascendancy within the socialist movement in Russia, seized power and set up a 'dictatorship of the proletariat' - The new regime proceeded at once to expropriate the landlords and the bourgeoisie to abolish private property in real estate and the means of industrial production, to distribute the land to the villages, to establish workers' control in the factories mills and mines to lay plans for a socialized economy <sup>3</sup>

The people of all other countries were deeply shocked and much alarmed by this development A world wide crusade to Save the World from Bolshevism was at once launched and in the years since 1917 a vigorous opposition to Communism has stirred the entire world Never since the French Revolution of 1789 had the Western world been more universally aroused Feeling against the new regime was greatly augmented at the time because of the effect it had on the course of the First World

<sup>1</sup> Since 1919 other countries of Europe have been under complete or partial dictatorships for example Austria Greece Hungary Poland Portugal and Spain

<sup>2</sup> Frederick L Schuman *International Politics* 2nd ed McGraw Hill Book Company Inc 1937 p 456

*Ibid*

War Germany helped to provoke and utilized the revolution to its own advantage. It made peace with Russia and then threw her heavy forces previously engaged in fighting Russia to the western front. The Allies and the United States proceeded to blockade Russia. They supported counterrevolutionary efforts within the Union of Soviet Socialist Republics (U S S R ) as Russia has called herself since the revolution. They supplemented their blockade and interventionist efforts with the encouragement of terrorism and sabotage <sup>1</sup> But under the leadership of Leon Trotsky the military forces of the U S S R triumphed over both domestic and foreign opposition. During and after the establishment of the new regime in Russia Communism spread to a number of other countries of Central Europe where it was suppressed by military force and terroristic tactics.

**Socialism vs Communism** Every social order is founded on certain fundamental conceptions which afford a general pattern for the particular society. The ideological basis of the present Russian regime is found in the doctrines advocated by the influential socialist leader Karl Marx. Originally the terms socialist and communist were employed interchangeably. The basic document of modern Socialism for example was called *The Communist Manifesto* (1848). But an ever widening breach developed between the two groups of collectivists Socialists and Communists. With the Russian revolution in 1917 came a complete split between them since which time they have been bitterly antagonistic.

Communism is distinguished in a technical sense from socialism, which means the social ownership of productive goods in that it generally includes ownership of some or all forms of consumers goods as well. <sup>3</sup> While the Communists would have a

<sup>1</sup> The Allied and American intervention in the Russian Civil War (1918-1921) was designed to overturn the Soviet regime and replace it by a government disposed to pay its debts, recognize foreign property rights, and make Russia safe for capitalism. It was beaten back by the Red Army and failed to achieve its purposes. Schuman *op cit* p 296.

In 1918 President Wilson without a declaration of war by the United States dispatched a military force to Archangel, a port on the White Sea which is an arm of the Arctic Ocean.

<sup>2</sup> It was written by Karl Marx in collaboration with Friedrich Engels.

<sup>3</sup> Communism. *Encyclopedia of the Social Sciences op cit*. Here is found a history of communism from ancient times. See this source for a history of communist parties under Communist Parties.

fuller measure of collectivist ownership than would the Socialists, the most fundamental difference between Communism and Socialism lies in the method by which the collectivist regime they both seek to establish is to be created. The Socialists rely upon peaceful, orderly persuasion to win the acceptance of their program — an evolutionary plan. The Communists, denying that the Socialist method can ever bring about the overthrow of capitalism, advocate the establishment of their social order by a revolutionary procedure, including violence if necessary. Karl Marx stressed strongly the class struggle. His conviction was that under capitalism the workers are exploited. He proposed to organize the proletariat so that it could overthrow capitalism and set up a more beneficent social order. He regarded the state as a product of the irreconcilability of class antagonisms.<sup>1</sup> Marx believed that the state in liberal societies is an instrument used by capitalists for the exploitation of the wage earners. He urged the establishment of a dictatorship of the proletariat.

Although there is no lack of significant theoretical divergencies between Socialism and Communism, it is exceedingly difficult to cut through these and arrive at the actual points of difference.<sup>2</sup> Furthermore, one obtains very little aid in making distinctions by consulting Socialists and Communists. Two differences between socialism and communism, in addition to those already indicated, may be observed. One is the matter of motivation. In Communism, since distribution would be under the concept of 'need', the individual's consumption would not depend upon one's own work — industry and efficiency would make no difference. Under Socialism, as socialists envisage the matter, the economic motivation of the individual is not to be materially modified from what it has been traditionally.<sup>3</sup> Communism relies much less upon an individual economic social motivation.<sup>4</sup> The difference between these two ideologies might be thus summarized. The formula of the Socialist — effort from each according to his desire for

<sup>1</sup> Lenin developed the doctrine of the withering away of the state, which would, he held, have no necessary function when the class struggle was ended by the abolition of the capitalistic system. See his *State and Revolution* (1918).

<sup>2</sup> Loucks and Hoot *op cit* p. 314. For a comparison of socialism and communism see this source in Part V, pp. 305-318.

<sup>3</sup> *Ibid* p. 315.

<sup>4</sup> *Ibid*

compensation goods to each according to his productivity The Communist formula — 'effort from each according to his ability goods to each according to his needs' <sup>1</sup> In practice Soviet Russia has veered widely from orthodox Communist doctrines and has steadily embraced the principles of Socialism The second difference has to do with long run objectives and ultimate goals Many Socialists accept Communism as a desirable long run goal while on the other hand most Communists accept Socialism as a necessary interim stage between capitalism and the establishment of communism <sup>2</sup> The Socialist believes that for a long long time socialism will be best for society But the Communist is convinced that full communism can be reached in a relatively short period of time <sup>3</sup> To him Socialism is a necessary but a short lived step to communism

**Communist Regime in Russia** Today Russia under its totalitarian regime presents all the inevitable phenomena of any dictatorship Joseph Stalin the present dictator, exercises vast powers Individual liberty is ruthlessly suppressed An omnipresent secret police, the OGPU is vigorous in ferreting out anyone who opposes the regime. Extreme regimentation of all phases of life is enforced The most fundamental difference between the Russian social order and that which exists in all other countries is its enmity of private profit

When the revolution of 1917 occurred most peoples of the world were confident that the new regime could not possibly function and its early downfall was then and in subsequent years repeatedly and persistently predicted But it still prevails under its symbol of the hammer and the sickle While democratic peoples find much in the U S S R which they strongly condemn, yet many worthy achievements have been attained For example, material production has been increased industrialization stimulated the death rate reduced and literacy promoted In contrast with the backwardness of the absolutism of the czars, which it displaced, it has fostered the raising of the level of life of the masses both materially and culturally

**The Spread of Communism** The adherents of the communist ideology like those of other ways of life hope and labor for its extension The U S S R has encouraged the spread

<sup>1</sup> Loucks and Hoot *op cit* pp 315 and 316

<sup>2</sup> *Ibid* p 318

<sup>3</sup> *Ibid*

of Communism throughout the world. There are Communists in every country and most of the Communist parties of the world were until recently unified in a world wide organization known as the Third International with headquarters in Moscow. The strength of the Communist movement outside Russia varies greatly in different countries being greatest wherever economic distress is most acutely felt.<sup>1</sup> Probably in no country is it weaker than in the United States.

Theoretically the dictatorship in Russia is but temporary. By the Communists the period of dictatorship is regarded as a transitory stage, in which a free democratic expression of will would lead to the victory of the counterrevolution in view of the greater mobility and economic strength of the former ruling classes.<sup>2</sup> Only, they hold, when their regime is fully established is the expression of popular will and representation of the whole people possible.

Communists do not reject the current conceptions of democracy because they believe in the superiority of the few but because they believe the phrases of democracy bear no relation to present realities. True democracy is held to be unrealizable in capitalistic society because of the fundamental helplessness of the propertyless man.<sup>3</sup>

The Communists believe that when their system is well established no one will want to change it, and then liberty can be given back to the people.<sup>4</sup> As one of the ideologies of the contemporary world Communism must compete with two formidable foes, democracy and Fascism.

## FASCISM

**Characteristics of Fascism** Fascism is a distinct ideology in contemporary life. It is arrayed against communism and democracy. Fascism constitutes a negation of liberalism and parliamentarianism. It is the antithesis of *laissez faire* for the idea of a state which completely dominates every phase of life political, economic, and social, is the central tenet of Fascism. Under it, as contrasted with socialism and communism there

<sup>1</sup> Communism *Encyclopaedia Britannica op cit* Vol VI p 136

<sup>2</sup> *Ibid* *Ibid*

<sup>4</sup> Lyman Bryson *Which Way America — Communism Fascism Democracy?* The Macmillan Company New York 1939 p 6

is no enmity toward private profits *per se*. Fascism is a system of state capitalism. This ideology does not exemplify whether in Italy or in Germany — these two countries possess a common ideology — any well integrated principles of social life. It is opportunistic although like most militant ideologies it clothes its aims in what purports to be a consistent program. Under it such ideas, doctrines, and emotions are fostered as will promote the development of the social order desired. We may obtain an overview of this ideology by observing its rise, political conceptions, economic pattern, role of the fascist citizen, and the general factors of social significance stressed by it.

**Rise of Fascism** In 1922 Benito Mussolini established in Italy a dictatorship which has since dominated that country. His regime was called 'Fascism,' a term derived from the Italian word *fascio* which means a bundle or 'bunch.' The Fascist symbol is the rods and ax of the lictors of ancient Rome which Mussolini declares betoken unity, strength, and justice. His followers adopted the term 'Fascism' to indicate the close union of the disciples of the movement. This dictatorship was set up ostensibly to forestall the transformation of a liberal social order into socialism or communism which the Fascists maintained was imminent. Fascism which claimed to come to the rescue of the *status quo* to save the country from radicalism, however, adopted the technique of Communism — dictatorship — not of the proletariat but of those interested in preventing a rise to power of the proletarians.

Fascism arose out of the adverse conditions which prevailed in Italy after the First World War of 1914–1918. After this titanic struggle many among the Italian people felt that although they had fought on the side of the victors, they had been deceived and robbed of the spoils of victory. An atmosphere of disillusionment, despondency, and despair enveloped the country. The people became doubtful of the adequacy of the democratic process to meet their grave circumstances. Communistic propaganda flooded the land. Economic conditions were highly unfavorable. There was unemployment, industrial stagnation, and economic warfare. All felt insecure: the masses for their livelihood, the industrialists and the bourgeoisie for the profits and privileges of the existent social order which might be overturned by a mass

uprising Mussolini promised suppression of all radicalism. Some elements among the lower classes looked to him for deliverance from their adversities; those who were concerned for the maintenance of the *status quo* were willing to support him for he promised to suppress Communism; whereas those who were frustrated in their national pride and imperialistic ambitions were attracted by the promise Mussolini afforded them of a greater and more powerful Italy. These political, economic, and psychological conditions formed the seedbed of Fascism.

**Political Conceptions of Fascism** Dominating all political conceptions of Italian Fascism — the very keystone of its whole pattern — is the idea of an all powerful state, which is constantly glorified. The merit of a 'dynamic' government is continually extolled. To achieve a unified nation the state practices regimentation to a degree which seems intolerable to democratic peoples. Fascism builds all around the idea of reliance upon a gifted leadership, which centers in the *Duce* (duke), the dictator. It operates through a one party system, upon whose members rests the unqualified duty of obedience. This party is under the absolute control of the head of the state. All public policies are determined by the dictator and the whole machinery of government, including the whole civil and military personnel, is under his control. The entire political system rests upon force rather than consent.

Fascism holds democratic government in great contempt. It heaps scorn upon the idea of majority rule. Both the theoretical premises of democracy and its practical applications are summarily rejected. Democracy is declared to be hopelessly cumbersome and thoroughly inefficient. Effective political action, it holds, can come only through the head of the state who is alleged to possess an extraordinary capacity for leadership. Fascists believe: 'Rather can a camel pass through a needle's eye than a great man be brought out by means of election'.<sup>1</sup>

A militant, rampant nationalism runs through every political activity of the fascistic state. It 'believes neither in the possibility nor in the utility of perpetual peace. War alone brings up to their highest tension all human energies and puts the stamp of nobility

<sup>1</sup> Horace Taylor and others *Contemporary Problems in the United States* Harcourt, Brace and Company New York, 1936 Vol. II p. 395

upon the peoples who have the courage to meet it <sup>1</sup> Italian Fascism has used talk of war as a stimulant to the masses, thus employing patriotic motives of self sacrifice instead of the appeal to incentives to personal improvement which in such a regime would be futile

**Economic Pattern of Fascism** Italian Fascism on the economic side established a system of state capitalism. It did not seek to abolish the capitalistic system as does socialism and communism nor did it approve the laissez faire doctrine of economic liberalism practiced by democratic peoples. In the absence of a well developed theoretical philosophy in practice Fascism has greatly modified the traditional capitalistic pattern in Italy on an opportunistic basis. With the advent of Fascism in Italy the power of the state over economic life was extended to a degree unknown hitherto in any country under the capitalistic system. For Fascism the state is an absolute before which individuals and groups are relative. It is the state alone that can solve the dramatic contradictions of capitalism <sup>2</sup> Insofar as Fascism has an economic program it is to force national cooperation on the basis of existing inequalities and maintain it by force <sup>3</sup>

Fascism in practice means the rigid control of all economic activity by private monopolies supported by political dictatorship. All competition disappears almost as completely as under Communism but private property and profit remain the bases of business enterprise <sup>4</sup>

Under the Italian dictatorship no hesitancy is manifest in regimenting all economic life capitalists as well as laborers are under state surveillance. The state reserves the right and is constantly ready to intervene in economic processes wherever and whenever it deems any public interest is involved. The partnership of capital and labor is stressed and no conflict between them is tolerated. Labor and industry are organized into "corporations" which are state controlled and membership in which is compulsory. Any propagation of the ideas of class struggle is

<sup>1</sup> Michael Oakeshott *The Social and Political Doctrines of Contemporary Europe* Cambridge University Press London 1939 pp 170-171

<sup>2</sup> Oakeshott *op cit* pp 176 177

<sup>3</sup> Alfred J Snyder *American Purpose* The Declaration Press Philadelphia 1937 p 337

<sup>4</sup> Schuman *op cit* p 734



vigorously suppressed. The need for national self sufficiency is constantly urged.

**Role of the Individual under Fascism** The sphere of the individual in the fascistic order is narrow indeed. As compared with one living in a democracy the Fascist citizen has few rights and scarcely any liberty. The social program of Fascism is to array society into fixed classes and keep it in that order by denying freedom of thought, speech and press.<sup>1</sup> Mussolini has sneeringly referred to the 'putrid corpse of liberty'. Under Fascism all forms of human freedom of the liberty of man, of the rights of man are obliterated.<sup>2</sup> The Fascist is expected to live for Italy. His duty is to lose himself quite completely in the state. He is expected to be happy under discipline, believe what he is told and become a cog in the nation's machine.

**General Points of Fascist Emphasis** Certain general points of emphasis in Fascism may be noted. Liberalism, Socialism and Communism are to be resisted energetically. Antagonism to each of these isms is fomented incessantly. The necessity for gifted leadership is constantly emphasized. The essentiality for an elite group and for hierarchy in society is endlessly stressed. Fascism gives great emphasis to the importance in life of order, discipline and work. The primacy of public concerns over private interests is constantly urged.<sup>3</sup> This reaches into every institution of social life including even the family, which also must serve the interests of the state.

## NAZISM

**Rise of Nazism** In 1933 a dictatorship was established in Germany. This social order is referred to as 'Nazism' a term derived from 'Nazi' which is in use to designate a member of the German National Socialist Labor Party, the head of which was Adolf Hitler, who in the new system became the Fuehrer (leader) — the dictator. The symbol of Nazism is the swastika in disparagement referred to as the 'crooked cross'.

Nazism in Germany, just as Fascism in Italy was the child of

<sup>1</sup> Snyder *op cit* p 337

<sup>2</sup> Andrews and Marsden *op cit* p 103

<sup>3</sup> For an argument for Fascism by an American see Lawrence Dennis 'Is Fascism the Way Out?' in Andrews and Marsden *op cit* pp 106-124

national adversities Central in the total and complex situation was the inability of the existing order to function satisfactorily and the success of its opponents in persuading a substantial section of the people that Nazism could lead them out of the deep morass in which they found themselves The war which ended in 1918 produced conditions psychological political and economic, of the gravest character At the end of the war the regime of the Kaiser had collapsed The Weimar Republic, designed to afford a larger measure of parliamentary government than Germany had hitherto enjoyed, was instituted It probably would have experienced difficulty even had conditions been normal, for the roots of democracy were not deep in the social soil of Germany It has even been asserted that the national psychology predisposed the Germans to entrust themselves to a dictatorial regime Through a number of their scholars who attained great prestige the glories of the state had been fervently extolled In a normal social atmosphere political liberalism would have found it hard indeed to gain sufficient support for healthy growth But the conditions in Germany in the years following the First World War were highly abnormal

The gravity of the general situation of the German nation in the 1920's beggars description Germany felt much impoverished The war had swept away extensive investments and trade A huge indemnity was levied on the nation<sup>1</sup> The necessity of accepting the Versailles Treaty of 1919 was deeply resented Defeat rankled greatly in nationalist hearts A deep sense of frustration was keenly felt Adverse economic conditions caused the lower income classes to feel sharply their lack of security The rapid spread of communism in Germany thoroughly alarmed the upper and middle classes who turned to the Nazi party and Hitler, who promised to uproot this menace The Nazis in their propaganda held the Weimar Republic responsible for the onerous Versailles Treaty, from the bondage of which they promised deliverance

The Nazi appeal to German nationalism was most effective Its promise of dynamic leadership and vigorous action, both

<sup>1</sup> Although only a small fraction of the indemnity was paid and although Germany received huge loans from abroad nevertheless economic life was seriously dislocated

alleged to be impossible under parliamentary government, and its assurance of a quick and extensive expansion of national power and prestige, carried the day. As soon as Nazi domination was attained, the Weimar Republic was consigned to oblivion and a totalitarian regime was inaugurated.

**Characteristics of Nazism** The attitudes, ideas, and principles of Nazism in Germany are very similar to those we observed above as true of Fascism in Italy. The general pattern is identical — authoritarian, a system of state capitalism and fanatical nationalism.

A prominent tenet of Nazism, but until recently little emphasized in the Fascism of Italy, is that only those who are of pure Aryan blood are full members of the community.

This doctrine has been the occasion of the anti-Semitism of the Nazi regime. It partially explains, but does not by any means justify, the savage treatment of the Jews in Germany since the advent of the dictatorship. One of the prominent features of Nazism has been the constant and ruthless persecution of Jews. Germans are taught that the Aryan race is the creator of civilized culture and that Jews are its destroyers. All the misfortunes of Germany in her past and present are officially and unreservedly attributed to Jewish penetration into the pure Aryan blood and culture.<sup>1</sup>

Therefore the intermingling of Jews and Germans is violently opposed. This is the racial doctrine of Nazism.

The German race is the noblest of all races; its purity must be safeguarded at all costs. It is entitled to dominate all others, by so doing it gives the world a higher culture than any inferior race can do.<sup>2</sup>

The political system of German Nazism is quite identical with that of Italian Fascism. The glorification of the state is a Nazi obsession. Its primacy in everything must be absolute. At its head is the omniscient and omnipotent *Fuehrer* who makes possible the fulfillment of the mission of the German race. Democracy is constantly ridiculed. Of late Hitler's favorite derogatory phrase for the democratic countries seems to be "plutocratic democracies." The Nazi regime is bellicose. It comprehensively and intensively cultivates strong nationalism.

In the realm of economic life, too, the Nazi pattern and prac

<sup>1</sup> Taylor and others *op cit* p. 395

<sup>2</sup> Laski *op cit* p. 20

tice are much like those of Fascism in Italy. Nazism does not attempt to overthrow capitalism but does, in the interest of the furtherance of political and social life, subject it to far more minute regulation than do liberal social orders. Hitler holds

The duty of the state is to provide the necessities of life and not to secure the highest possible rate of interest for capital.<sup>1</sup> He has decreed that Usury and profiteering and personal enrichment at the expense of or the injury of, the nation shall be punished with death.<sup>2</sup>

Under the totalitarian system of Nazism the individual is narrowly restricted. He has no liberty or civil rights comparable to one living under democracy. Freedom of thought and action are almost nonexistent. His whole life is endlessly and minutely regimented. Discipline and obedience are emphasized. The good Nazi, like the good Fascist, seeks to lose himself in the service of the state. Hitler has instituted a comprehensive program of education for all German youth so that each citizen may understand and appreciate the principles and spirit of Nazism and thus be able more effectively to serve the Reich.

The advance of the nation's power and prestige under Nazism has been most gratifying to the Germans, especially to the ruling clique, but for other peoples this development occasioned grave concern. Shortly after its advent, the Nazi regime began the breaking of the Versailles Treaty. A huge army and a considerable navy were developed in a remarkably short time. A large military force and a concomitant colossal armaments program were possible by virtue of the great sacrifices which the regime was able to induce and compel the German people to make. Soon Germany was threatening to upset the balance of power in Europe and establishing its hegemony ever more widely over European peoples. In recent years one country after another has been brought under Nazi domination by force. The outcome of the present war will determine whether the rest of the world shall come under the overlordship of Nazism.

<sup>1</sup> Oakeshott *op cit* pp 194-195

<sup>2</sup> *Ibid*. It should be noted that under such a regime, since those who are in power are the ultimate judges of what is lawful and what is not, such slogans turn out to be largely propaganda devices. If applied seriously such laws are enforced arbitrarily and generally leave those influential in the party free to pursue their interests unhindered by the laws.

## JAPANESE FASCISM

Around the close of the 1800 s and the beginning of the 1900 s Japan felt the wave of liberalism and democracy which had been for generations sweeping over the western world. Since 1931 she has completely rejected the idea of a parliamentary government and has reverted to totalitarianism which indeed has long been her basic principle. Japan was totalitarian centuries before Europe knew the term and the feudal oligarchy that has run the country is a dictatorship without a dictator.<sup>1</sup> Japanese fascism operates under a collective dictatorship. Nominally power is in the god Emperor to whom the Japanese are fanatically attached; actually power is in the hands of a small oligarchy. True there is Premier Tojo but he is not by any means to Japan what Hitler is to Germany.

Since 1931 military fascism has steadily developed in Japan. The Great Depression created economic and social insecurities in Japan comparable with those experienced by other States with small margins of wealth and resources.<sup>2</sup> Here just as in Italy and Germany extensive unemployment and great social unrest provided fertile ground for any sort of fascist propaganda.<sup>3</sup> After 1929 army leaders, with some support from industrialists, aristocrats, and peasants leaned toward Fascist ideals and methods and repeatedly challenged the civil authorities and the parliamentary system.<sup>4</sup> Increasingly in the 1930 s the military extremists by propaganda and even terrorism strove to intimidate civil authority. Japanese leadership did not follow the policy — the hard task — of improving internal political and economic conditions but stirred the patriotism of the people by a program of territorial expansion on the continent of Asia. As Japan looked toward Asia she felt she must protect herself from within against the enemies communism and capitalism by a powerful nationalistic government.<sup>5</sup>

In September of 1940 in order to more effectively enthrone fascism in our world Japan joined Germany and Italy in a Triple

<sup>1</sup> Joseph S. Roucek *Japanese Totalitarianism* World Affairs Interpreter Los Angeles University of International Relations summer 1943 p 133

<sup>2</sup> Frederick L. Schuman *International Politics* third edition McGraw Hill Book Co. New York p 517

Hugh Borton *Japan since 1931* Institute of Pacific Relations New York p 37

<sup>4</sup> Schuman *op cit* p 518

<sup>5</sup> Borton *op cit* p 44

Alliance In it Germany and Italy recognized Japan's purpose to establish a new order in Asia and Japan recognized the design of Italy and Germany to extend a fascist order in Europe.

The Japanese ideology is basically the same as that of Italy and Germany. In Japan as in Germany racial superiority is emphasized. The military lords of Japan as is true of fascism in Europe, have no desire to abolish private enterprise in the national economy. They approve of capitalism because of its strong incentive to industry in the people but they do not propose to allow it to hamper the high purposes of the state. In Japan as in fascist countries of Europe communism is held in utter abhorrence. In November of 1936, the better to resist communism, Japan formed an Anti Comintern Pact with Germany. About a year later Italy joined in this pact. In Japan today under her military fascists, as is true in fascist regimes in Europe, there is great hostility to democracy. "The Japanese ideological reasoning is related to and stems from the same philosophy that directs German Nazis, the Italian Fascists and the Spanish Falangists. They all have in common the basic conviction that democracy is 'decadent' that the great democracies are plutocratic nations that are destined to fall into the lap of the "dynamic peoples"<sup>1</sup>

### WHICH WAY AMERICA?

Today democracy is facing ever greater ideological competition. The democratic way of life is being increasingly challenged. It is not wise for democratic peoples to underestimate the potency of democracy's rival ideologies. The totalitarians are confident and determined. Are democratic peoples equally so?

The present-day world wide struggle of rival ideologies is no longer a matter of philosophical discussion or peaceful persuasion, but has reached a stage of a clash of armed forces in the most titanic war of all history. In the outcome of this struggle each citizen of the United States has a definite and heavy stake. Our traditional way of life has been individualism expressed politically by a democratic form of government and applied in economic life through a capitalistic system. This way of life

<sup>1</sup> Roucek *op cit* p 138

and the principles upon which it rests are now vigorously challenged from without by rival ideologies, backed by military force in the case of Fascism and Nazism, from within by the necessity of readjustment to meet the problems posed by a dynamic society in which human needs are changing. In this circumstance it is most pertinent and important to inquire Which way America? <sup>1</sup>

In discussions of democracy in the United States today a number of different attitudes toward this way of life are discernible. One is a defeatist attitude. Some of our citizens believe the world is drifting away from democracy. <sup>2</sup> They seem to regard this as an irresistible trend and therefore are not disposed to oppose the alleged development. The truth, assuming that such a tendency is in process, is that such a movement can be arrested providing those who believe in the democratic way of life are ready to devote sufficient thought and effort to its maintenance.

A much more prevalent attitude toward democracy is one of indifference. Many accept it perfunctorily, not a few even with a touch of cynicism. Those who are indifferent seem to feel that our social order as they have known it will inevitably continue. They are unaware apparently of the fact that democracy is being rather sharply challenged.

Another attitude is seen in a disposition to be considerably impressed with the efficiency of dictatorial regimes on the one hand and to be rather agitated over the disabilities of democracy on the other. It is true that dictatorships manifest a capacity to act swiftly and organize effectively for the attainment of their objectives. Dictators can make quick decisions and follow any determination of policy with vigorous action. But efficiency is not the only criterion of social action. A dictator is irresponsible,

<sup>1</sup> For a brief exposition of the American, German, Italian, and Russian social patterns see Lyman Bryson, *Which Way America?* The Macmillan Company, New York, 1939, pp. 9-104. See also G. D. H. Cole and others, *What Is Ahead of Us?* The Macmillan Company, New York, 1937, p. 192. Charles E. Merriam's *The New Democracy and the New Despotism*, McGraw-Hill Book Company, Inc., New York, 1939, p. 262, is informative and stimulating. For an excellent delineation of the American social pattern see David Cushman Coyle and others, *The American Way*, Harper & Brothers, New York, 1938, p. 171.

<sup>2</sup> Edward Heimann, *Communism, Fascism, or Democracy?* W. W. Norton & Company, Inc., New York, 1938, p. 15.

and he cannot be infallible. The people have no check on his policies or his implementation of those policies. His action is not always aimed at the promotion of the best interests of the people. The material benefits which may come with highly centralized control may easily be outweighed by the dangers which arise from the dictator's misuse of power.

Those who are enamoured of dictatorial efficiency are apt to stress the 'failure of democracy'—they point to its uncertainties of purpose, ineptitudes, slow and fumbling action, and they allege that democratic procedures are too cumbersome to function satisfactorily in our present day complex society. It should be admitted that the democratic way of life is not an easy social order to operate. Indeed, it is an exceedingly difficult one to effect for it is by no means easy to organize consent and translate the public will into effective action. The political machinery of modern democratic states, it is important to note, was not created primarily for the purpose of getting things done. The fundamental concern was with erecting safeguards against concentration of power in order that the people may remain the master of their government. Democratic peoples are willing to sacrifice on the side of prompt and vigorous action in order that a worse evil than some inefficiency may be prevented, namely the development of irresponsible power. Furthermore, it is easy to exaggerate the disabilities of democracy. War is an excellent test of the capacity of a nation to organize and act vigorously. History does not record that democracies are seriously handicapped in modern warfare. Moreover, in time of peace democracy seems to be able to meet the perplexities of modern social life quite as effectively as any rival ideology. A democratic society can have any form of political organization or any economic system which is desired. It may abandon whatever organizations or procedures prove ineffective and establish those which are more satisfactory. For example, in the United States the former decentralized administration machinery has increasingly been centralized, a development which makes possible a vast improvement in efficiency of administration. All that is necessary for the maintenance of democracy in government is that the people have the right to choose their leaders and possess the power to remove them when they prove unsatisfactory.



A fourth attitude in the United States regarding democracy is seen in those citizens who seek to infuse it with new meaning and vitality by insisting, among other things that democracy should mean the right of all to a decent standard of living to economic security, to the service of science for the maintenance of health, and to right of workers to have some share in the control of the industry in which they labor. If our democracy is to be preserved these citizens realize that a do nothing policy or mere passive defensive of our way of life will not suffice that the challenge of competing ideologies cannot be met merely by argument or vehement condemnation of democracy's rivals. They see that if democracy and a semblance of free private enterprise are to survive the situation calls for a girding of the loins for battle in the defense of free institutions.<sup>1</sup> Such citizens perceive that a democratic people needs to have clear and substantial reasons for their faith in democracy and be ready to work for its maintenance. They are wont to hold that if democracy is to be vitalized two basic requirements are the removal of complacency and the creation of an intelligent body of public opinion.

In the United States, as in all other democratic countries the great need today is for earnest, persistent, and intelligent formulations of programs for a genuine and dynamic democracy and such implementation of these programs as will ensure the ever fuller attainment of the objectives of such a social order. The economic side of the social order requires special thought in any comprehensive effort to vitalize our democracy. The traditional rampant economic individualism is proving increasingly unsatisfactory, the laissez faire conception of economic life requires modification. The attitude that government is the hindrance of hindrances and that government is best which governs least should be changed to this conception. The state has the positive function of providing as far as possible the conditions under which individuals can work their own maximum good.<sup>2</sup> When this

<sup>1</sup> George S. Counts, *The Prospects of American Democracy*, The John Day Company, New York, 1938, p. 109.

For a vigorous defense of the capitalistic system see *Capitalism Will Survive* in Andrews and Marsden, *op cit*, pp. 97-105. Much very readable material and an extensive bibliography upon the subject of capitalism is found in Julia E. Johnsen, editor, *Capitalism and Its Alternatives*, The H. W. Wilson Company, New York, 1933.

<sup>2</sup> John D. Lewis, *The Elements of Democracy*, *American Political Science Review* XXXIV, 472, June 1940.

change is effected the state will be regarded as the promoter of the fullest possible opportunities for our citizens

Democracy needs to validate its assumptions particularly the assumption that the gains of the nation are essentially mass gains and should be distributed through the mass of the community as rapidly as possible. Modern democracy escaped from absolutism only to fall foul of the snares of plutocracy from which it is difficult but not impossible to escape.<sup>1</sup> It is increasingly recognized that the rebuilding of the economic foundations of our democracy by seeking to bring economic power under popular control is one of the salient tasks facing our nation today. The developments in the United States since the onslaught of the severe business depression of the early 1930s afford great promise that the American people can effect under the democratic process a much greater social control of our economic life. The vast majority of Americans are convinced that it is far better to reform capitalism than to destroy it. But today there are sharp divisions of opinion as to the desirability of specific adjustments in our economic institutions.

The earnest hope of almost all Americans today is that all the social adjustments necessary for the promotion of our national welfare and happiness can be achieved within the framework of democratic conceptions and institutions. How successful democracy will be in meeting competing ideologies depends fundamentally upon its ability to meet the problems of contemporary society and upon its capacity to retain, intensify, and extend the loyalty of peoples for the democratic way of life.

#### TERMS TO BE UNDERSTOOD

bourgeoisie	Communism
capitalism	democracy
civil liberties	dictatorship
collectivism	Fascism

<sup>1</sup> Charles E. Merriam *The New Democracy and the New Despotism* McGraw Hill Book Company Inc. New York 1939 p. 259

For a helpful exposition of the interrelations of political democracy and economic life see these two sources: Max Ascoli and Fritz Lehmann editors *Political and Economic Democracy* W. W. Norton & Company Inc. New York 1937. Earl R. Sikes *Contemporary Economic Systems — Their Analysis and Historical Background* Henry Holt and Company Inc. New York 1940.

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ideology	Nazism
individualism	proletariat
laissez faire	Socialism
liberalism	totalitarianism

### QUESTIONS FOR DISCUSSION

- 1 What is the relationship between democracy and liberalism?
- 2 How do you account for the rise in contemporary society of several rival ideologies? What are the factors that account for their wide diffusion and their present collision?
- 3 Why are there emotional elements in each ism?
- 4 What features of our democratic social order are criticized derogatorily by the competing ideologies of democracy? What answers can you give to these criticisms?
- 5 What do you regard as the principle assets of democracy? What are its chief defects in your opinion?
- 6 What are the interrelations of democracy and capitalism?
- 7 What programs and procedures in your opinion would improve our American democracy?

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